

ORIGINAL



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SALLQUIST, DRUMMOND & O'CONNOR, P.C.

ATTORNEYS AT LAW
TEMPE OFFICE
4500 S. LAKESHORE DRIVE
SUITE 339
TEMPE, ARIZONA 85282

RICHARD L. SALLQUIST

PHONE (480) 839-5202
FACSIMILE (480) 345-0412
E-MAIL dick@sd-law.com

July 6, 2006

HAND DELIVERY

Blessing Chukwu
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

RECEIVED
2006 JUL -6 P 1:09
AZ CORP COMMISSION
DOCUMENT CONTROL

Re: Livco Water Company Docket No. W-02121A-06-0316; Livco Sewer Company:
Docket No. SW-02563A-06-0316: Data Response

Dear Blessing:

Please find attached to the Company's Responses to the deficiency items cited in your June 1, 2006 Insufficiency Letter. We will provide the responses serially without repeating the question.

Item 1. The Company will not seek a Designation of Assured Water Supply or a Letter of Physical Availability Demonstration. The Developer of the individual subdivision is responsible for obtaining a Letter of Adequacy in this non-AMA area. The Company is advised by the Developer's hydrologist that it is proceeding with that application to the Arizona Department of Water Resources and expects to receive that Letter within one year of the Commission's Decision in this matter. ADWR has issued numerous Letters in this area (see attached) and the Developer expects no difficulty in obtaining that Letter in a timely fashion.

Items 2 & 3. Attached are the executed water and wastewater Line Extension Agreements for the Concho West Shore Subdivision. Unsigned copies of those Agreements were provided as Attachment Two to the Application. The customers identified in Response Item 4 are presently receiving water service from the Company. The other property owners in those areas are unknown to the Company and to the best of the Company's knowledge and belief are speculators living primarily out of the State of Arizona.

Item 4. Attached are color maps showing the Company's transmission lines in blue, with the quarter sections marked in pink. The customers' presently receiving service from the Company have a blue dot on their lot.

Item 5. A legible copy of the legal description was provided to Ms. Wells on or about June 5, 2006. A copy of that legal description is attached hereto.

Item 6. Please see the attached 2005 Annual Reports for Livco Water and Livco Sewer.

Item 7. The responsible agency for Apache County is the Northern Arizona Council of Governments ("NACOG"). The Company's engineer is working with the NACOG Staff on the request for this area, and other areas soon to be developed in the Company's vicinity. An Application to Amend the 208 Plan will be submitted to NACOG soon, and is expected to be approved within one year of the decision in this Application.

Item 8. Please see the attached Aquifer Protection Permit.

Item 9. Please see the attached Apache County Franchise.

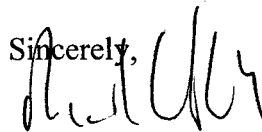
Item 10. Attached are the Approvals to Construct or Approvals of Construction for Concho Valley Unit One, Concho Valley Unit 33, and Section 29. The only other additional new service will be to Country Club Villas, Units 1 to 3. The Approval to Construct for that development will be submitted upon receipt, expected to be within one year of the decision in this Application.

Item 11. No significant turf areas will be served by the Company, only small landscaped entries to developments. The Company will provide potable water to those respective homeowners association for such purposes.

Item 12. Not applicable, see Response Item 11.

In the event you have any questions regarding this matter, please do not hesitate to contact the undersigned.

Sincerely,



Richard L. Sallquist

Enclosures

Cc: Docket Control (15 copies)
Rick Kautz

ARIZONA DEPT. OF WATER RESOURCES 4/25/06
 dsh Query HYDROLOGY DEPT. DON HORDEN 602-771-8541
 WATER ADEQUACY REPORTS

COUNT	Subdivision	PF	DWR #	STATUS	REP	Q	HYD	R	C	M	P	L	O	Q	L	O	Q	LOC-S	WATER PROVIDER	ASSIGNED
Apache	Big Six Ranches #3			Unsub	WAR	28	Jun	91	A	12	26	04	08	09						
Apache	Gedat Guich Ranch #1			Unsub	WAR	14	Sep	93	A	12	26	27	28							
Apache	Cedar Guich Ranch #2			Unsub	WAR	24	Jan	95	A	12	26	35								
Apache	Concho Valley #01B			Issued	ADE	11	May	82	A	12	26	18							LIVCO Water Company	G. Howell
Apache	Concho Valley #05A			Issued	ADE	16	Jul	79	A	12	26	19							LIVCO Water Company	
Apache	Concho Valley #05B			Issued	ADE	23	Jun	80	A	12	26	19							LIVCO Water Company	
Apache	Concho Valley #09			Issued	ADE	23	Aug	89	A	12	26	29							LIVCO Water Company	
Apache	Concho Valley #09A			Issued	ADE	23	May	91	A	12	26	19							LIVCO Water Company	
Apache	Concho Valley #10			Issued	ADE	23	May	91	A	12	26	07	08						LIVCO Water Company	
Apache	Concho Valley #12			Issued	ADE	30	Jul	92	A	12	26	08							LIVCO Water Company	
Apache	Concho Valley #1-4, 4A, 5, 6, 8			Ret-Sub		20	Jan	78	A	12	26	07	15	17-19	21	22	29	31	LIVCO Water Company	
Apache	Concho Valley #18			Issued	ADE	5	Mar	93	A	12	26	08	09						LIVCO Water Company	
Apache	Concho Valley #33			Issued	ADE	15	Jan	85	A	12	26	33							LIVCO Water Company	

**ON-SITE LINE EXTENSION AGREEMENT
FOR
DEVELOPER INSTALLED WATER FACILITIES**

BETWEEN

LIVCO WATER COMPANY

AND

CONCHO WEST SHORE PROPERTIES, LLC

FOR

**CONCHO WEST SHORE SUBDIVISION
APACHE COUNTY, ARIZONA**

June 7, 2006

TABLE OF CONTENTS

I.	UTILITY PLANT ADDITIONS, COST, PAYMENT, HOOK-UP FEES, OTHER CHARGES, AND GROUNDWATER REPLENISHMENT DISTRICT	2
A.	<u>Utility Plant Additions</u>	2
B.	<u>Cost</u>	2
C.	<u>Payment</u>	2
D.	<u>Other Water Utility Charges</u>	2
II.	SERVICE; COMPANY LIABILITY LIMITATIONS; APPLICABLE RATES.....	3
A.	<u>Service</u>	3
B.	<u>Company Liability Limitations</u>	3
C.	<u>Applicable Rates</u>	3
III.	PERMITS AND LICENSES; EASEMENTS; TITLE	3
A.	<u>Permits and Licenses</u>	3
B.	<u>Easements</u>	3
C.	<u>Title</u>	4
IV.	COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; PLANS AND SPECIFICATIONS; WORKMANSHIP, MATERIALS, EQUIPMENT AND MACHINERY; CONNECTING NEW FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES	4
A.	<u>Commencement of Performance and Time of Completion</u>	4
B.	<u>Plans and Specifications</u>	4
C.	<u>Materials, Workmanship, Equipment and Machinery</u>	4
D.	<u>Connecting New Facilities</u>	5
E.	<u>Existing Underground Facilities Responsibility</u>	5
F.	<u>Additional Terms and Conditions</u>	5
V.	INSPECTION, TESTING AND CORRECTION OF DEFECTS.....	5
VI.	INVOICES; LIENS; "AS-BUILT" PLANS.....	6

A.	<u>Invoices</u>	6
B.	<u>Liens</u>	6
C.	<u>"As-Built" Plans</u>	6
VII.	AMOUNT OF ADVANCE; REFUND; TRANSFER.....	6
A.	<u>Amount of Advance</u>	6
B.	<u>Time of Payment</u>	7
C.	<u>Income Taxes</u>	7
D.	<u>Computation of Refund</u>	7
E.	<u>Maximum Refund; Interest on Advance;</u> <u>Limitation on Revenues</u>	7
F.	<u>Transfer of Facilities</u>	7
G.	<u>Company's Right of First Refusal</u>	8
VIII.	RISK; LIABILITY; INSURANCE.....	8
A.	<u>Risk</u>	8
B.	<u>Liability</u>	8
C.	<u>Insurance</u>	8
IX.	MISCELLANEOUS	9

**ON-SITE LINE EXTENSION AGREEMENT
FOR DEVELOPER INSTALLED WATER FACILITIES**

THIS ON-SITE LINE EXTENSION AGREEMENT, entered into this 7th day of June, 2006, by and between LIVCO WATER COMPANY (hereinafter referred to as the "Company") and CONCHO WEST SHORE PROPERTIES, LLC, an Arizona limited liability company (hereinafter referred to as the "Developer"), is for the construction of utility infrastructure necessary to provide water utility service to CONCHO WEST SHORE SUBDIVISION, a subdivision in Apache County, Arizona as shown on **Attachment 1** (hereinafter called the "Development" and at times the "Property").

WITNESSETH:

WHEREAS, Company represents and warrants to Developer that it owns and operates a public service corporation and holds a Certificate of Convenience and Necessity and other permits and governmental approvals required authorizing it to serve the public with water service at the Development; and

WHEREAS, Developer is developing the Property within the certificated area of the Company, which Development is more fully described in **Attachment 1** hereto and incorporated herein by reference for all purposes; and

WHEREAS, the Company does not presently have water distribution lines on the Property sufficient to serve the Development; and

WHEREAS, under such circumstances the Arizona Corporation Commission's ("Commission") Rules and Regulations permit the Company to require an Advance In Aid of Construction to provide such facilities; and

WHEREAS, unless otherwise provided in this Agreement, the defined terms herein shall have the same meaning as set forth in the Commission Rules and Regulations.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

**I. UTILITY PLANT ADDITIONS; COST; PAYMENT; HOOK-UP FEES
ASSESSMENT AND REFUND; OTHER CHARGES; AND GROUNDWATER
REPLENISHMENT DISTRICT**

A. Utility Plant Additions. The Developer will construct, or cause to be constructed, the water utility plant described on **Attachment 2**, the cost of which is estimated on **Attachment 3**. For any subsequent phase of the Development, the Company and the Developer shall enter into a separate agreement in substantially the same form as this agreement.

B. Cost. The cost of construction of the subject plant as more fully detailed in **Attachment 3**, attached hereto and incorporated herein by reference for all purposes, is estimated to

C. **Payment.** Developer shall convey the facilities constructed under this Agreement pursuant to Articles III and VI. The payment of funds for the on-site facilities under this Agreement shall be deemed paid upon presentation of the documents pursuant to Article VI. Developer further agrees that upon execution of this Agreement, Developer will advance the applicable Administrative and Legal Fees as set forth in **Attachment 3** hereto.

D. **Other Water Utility Charges.** In the event the Developer or a Builder require construction water for grading, site preparation, road work, dust control or any other construction related purpose, the Developer or Builder shall contact the Company and request, and the Company shall supply, Construction Water Service pursuant to the Company's Tariff.

At the time the Developer, Builder, or a lot owner requests that a water meter be set at a specific lot line, the party requesting that service shall pay to the Company all Service Line Tariff and Water Advances Charges as authorized by the Company's Tariff.

II. SERVICE; COMPANY LIABILITY LIMITATIONS; APPLICABLE RATES

A. **Service.** Notwithstanding any reference to fire protection facilities contained in Attachment 2 or Attachment 3 hereto, the subject plant additions are being installed primarily for the purpose of providing domestic water service to the Development. However, under certain operating conditions, those facilities may provide limited fire protection service to an appropriate fire protection agency contracting with the Company for such service. Service will be provided in accordance with good utility practice.

B. **Company Liability.** Company's obligation for service shall be as set by the stricter of AAC R14-2-407(C) and (D), or this Agreement. Company shall comply with such regulations and any other applicable law.

C. **Applicable Rates.** It is mutually understood and agreed that the charges for water services to said Development shall be at the applicable rates of the Company which are currently on file with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of the Company and as approved by the Commission.

III. PERMITS AND LICENSES; EASEMENTS; TITLE

A. **Permits and Licenses.** Developer agrees to obtain at its sole expense all licenses, permits, certificates and approvals from public authorities which may be required for the construction of the Improvements on the Property under this Agreement or development of the subject Property and to comply with all municipal and other public laws, ordinances and requirements in regard to the same. The cost of obtaining such licenses, permits, certificates and approvals shall be added to the amount of the refundable Advance In Aid Of Construction. The Company shall be responsible for obtaining at its sole expense all licenses, permits, certificates and approvals from public authorities which may be required for the installation and operation of the off-site water treatment and supply facilities that will serve the Development and into which the Developer constructed facilities will be intertied and connected. The Company shall be responsible for the construction and operation at its cost of all other water production, treatment and distribution facilities necessary to serve the Development.

responsible for the construction and operation at its cost of all other water production, treatment and distribution facilities necessary to serve the Development.

B. Easements. Prior to the commencement of construction, Developer shall dedicate on the Property upon which the subject facilities will be constructed, a perpetual easement for the construction, operation and maintenance of water lines, mains and appurtenant facilities, in the name of the Company, and in a form acceptable to the Company, or a public utilities easement for such purposes as approved by Apache County.

C. Title. All materials installed, facilities constructed and equipment provided by Developer in connection with construction of facilities under this Agreement and the completed facilities as installed for which an Approval of Construction has been issued by ADEQ, and which facilities the Company has provided written acceptance thereof, shall become the sole property of the Company, and full legal and equitable title thereto shall be then vested in the Company, free and clear of any liens, without the requirement of any written document of transfer to the Company or acceptance by the Company. Developer agrees to execute or cause to be executed promptly such documents as counsel for the Company may request to evidence good and merchantable title to said facilities free and clear of all liens. The Company shall confirm in writing the acceptance of title to the facilities.

IV. COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; PLANS AND SPECIFICATIONS; WORKMANSHIP, MATERIALS, EQUIPMENT AND MACHINERY; CONNECTING NEW FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES

A. Commencement of Performance and Time of Completion. It is estimated that the Developer started the construction work to be performed under this Agreement in June, 2006 and completed the construction work to be performed under this Agreement in September, 2006. Failure to meet those estimated dates shall in no way relieve the Developer or Company of any of their obligations under this Agreement.

B. Plans and Specifications. All plans, specifications and construction shall be in accordance with good utility practices and in accordance with all rules, regulations and requirements of regulatory agencies having jurisdiction over water service and facilities. All of said plans and specifications shall have all requisite approvals in writing of all necessary agencies and the approval in writing of Company before construction is commenced. The Company's review, revisions and approval shall be provided as promptly as possible. Plans and specifications as approved by Company for water facilities to be constructed hereunder will be incorporated herein by reference and made part of this Agreement when so approved.

C. Materials, Workmanship, Equipment and Machinery. All materials shall be new and both workmanship and materials shall be of good quality which meet the specifications and standards of the American Water Works Association Standards, the Arizona Corporation Commission, ADEQ, the Arizona Department of Health Services and all local regulatory agencies. Developer shall assign to the Company the warranties of its contractor(s) for the facilities to be built pursuant to this agreement or, if the Developer constructs the facilities itself, Developer agrees to pay all costs for removing and replacing any defective part or parts upon the Company providing

D. **Connecting New Facilities.** The facilities constructed pursuant to the Agreement shall not be connected to the Company's existing facilities, or operated, without the prior written approval of Company, which approval shall not be unreasonably withheld.

E. **Existing Underground Facilities Responsibility.** Developer shall be responsible for complying with A.R.S. 40-360.21, et seq., and related local regulations, and will assume all costs and liabilities associated with (1) coordination with the owners or agents of all underground facilities within and adjacent to the Development regarding the location of such facilities, and (2) construction near, or damage to, such underground facilities. Developer will conduct, or cause to be conducted, all excavation in a careful and prudent manner in its construction of all facilities subject to this Agreement.

F. **Additional Terms and Conditions.** Any additional terms and conditions applicable to this Agreement are contained in **Attachment 4** attached hereto and incorporated herein.

V. **INSPECTION, TESTING AND CORRECTION OF DEFECTS**

Developer shall comply with the inspection and testing requirements of the Company for the facilities to be constructed hereunder; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall promptly notify the Company when facilities under construction are ready for inspection and testing, and the Company shall inspect promptly after being so notified. The Company agrees to conduct any "open trench" inspection within 48 hours of the inspection date designated by Developer, provided Developer gives the Company at least 3 working days advance written notice of the inspection date, and the condition will be deemed automatically approved by Company if it fails to inspect the condition within such 48 hour period, provided the Company received such 3 working days advance written notice. If not inspected and approved by the Company, Developer shall provide within 10 working days its Engineer's Certificate of Approval that said facilities were installed in accordance with the approved plans and specifications.

For the purpose of inspection and testing of everything covered by this Agreement, or the work thereon, Developer shall give the Company and any inspectors appointed by it, free access to the working places and furnish every facility for properly inspecting such materials and work and shall furnish them with full information whenever requested as to the progress of the work on its various parts. The approval of work by any such inspector shall not relieve Developer from its obligation to comply in all respects with the instructions and specifications to make the work a finished job of its kind, completed in accordance with the plans and specification approved by the Company and are satisfactory to the Company upon inspection and testing. Developer agrees that no inspection by or on behalf of the Company shall relieve Developer from its obligation to do and complete the work in accordance with this Agreement. If at any time before the final completion and acceptance of the work any part of the work is found to be defective or deficient in any way, or in any way fails to conform to this Agreement, the Company is hereby expressly authorized to reject or revoke acceptance of such defective or deficient work and require Developer to do over and make good on such defective work. No costs incurred by Developer to do over or make good on defective or deficient work shall be included in the Amount of Advance pursuant to Paragraph

VIIA. The Company specifically reserves the right to withhold approval and to forbid connection of the facilities constructed pursuant to this Agreement to the Company's system unless such facilities have been constructed in accordance with the plans and specifications as approved by the Company and are satisfactory to the Company upon inspection and testing. Developer agrees that it will promptly correct all defects and deficiencies in construction, materials and workmanship upon request by the Company made subsequent to inspection by the Company.

VI. INVOICES; LIENS; "AS-BUILT" PLANS

A. **Invoices.** Developer agrees to furnish Company, within thirty (30) days after completion of construction, copies of Developer's, subcontractors', vendors' and all others' invoices for all engineering, surveying, and other services, materials installed, construction performed, equipment provided, materials purchased and all else done for construction pursuant to this Agreement at the actual cost thereof.

B. **Liens.** Developer acknowledges its duty to obtain lien waivers from all providing labor, materials or services hereunder. Developer hereby irrevocably waives any rights it may now have or which it may acquire during the course of this Agreement to record liens against the Company or its property. Developer shall also pay, satisfy and discharge, or bond over all mechanics', materialmen's and other liens, and all claims, obligations and liabilities which may be asserted against the Company or its property by reason of the Developer's construction of the Improvements to be constructed pursuant to this agreement.

C. **"As-Built" Plans.** Developer agrees to furnish the Company, within forty-five (45) days after completion of construction, "as-built" drawings showing the locations of all water mains, hydrants, valves, and service connections to all structures served from facilities which are constructed pursuant to this Agreement. The drawings shall be certified by the Developer's engineer of record and shall be provided on reproducible milar prints and in a digital format (i.e. AutoCad, MicroStation or .dxf format or as otherwise specified by the Company), all available data for the Development, including ALTA surveys, topographical, aerials, tentative plats, engineering plans, and final plats.

VII. AMOUNT OF ADVANCE; INCOME TAX; REFUND; TRANSFER

A. **Amount of Advance.** Based on the estimated cost contained in Paragraph I.B, and subject to receiving invoices pursuant to Paragraph VI.A, totaling at least the estimated cost and the income tax payable under Paragraph I.D, the Advance by the Developer shall be a total of \$199,519.85. Of the total advance, \$177,519.85 shall be refundable pursuant to this Paragraph VII. If the actual construction cost is less than the estimated Advance, the Advance shall be the lesser amount, to the extent supported by invoices provided pursuant to Paragraph VI.A. If the actual cost is more than the estimated Advance, the Advance shall be the greater amount, to the extent supported by invoices provided pursuant to Paragraph VI.A. If funds were advanced by the Developer for the construction by the Company, advances in excess of the actual construction, as well as advanced funds in excess of actual administration, engineering and legal costs, will be refunded to the Developer within thirty (30) days of completion and acceptance of the construction.

60004.00000.23

B. Time of Payment. The payment of the funds under this Agreement shall be as follows:

1. Upon execution of this Agreement, Developer shall advance the Administrative, Engineering and Legal costs as set forth in **Attachment 3**. This Advance totals \$18,138.17.
2. Upon completion of the construction to be performed by the Developer, Developer shall provide the documentation required by Paragraphs III, IV, V, and VI of this Agreement.

C. Income Taxes. In the event it is determined by Congress, the Internal Revenue Service, the Arizona Legislature or the Arizona Department of Revenue that all or a portion of the cost estimates in Attachment 3 is taxable income to the Company as of the date of this Agreement, or upon receipt of said costs or facilities by the Company, the Developer will advance funds equal to the applicable income taxes for the Company's state and federal tax liability on all funds advanced pursuant to this Agreement. These funds shall be payable by the Developer to the Company immediately upon notification to the Developer of the determination by the appropriate agency having jurisdiction. At the time the refunds are made pursuant to Paragraph VII.D, the Company shall also refund that portion of the income taxes associated with that refund that were advanced under this Paragraph VII.C. The income tax advance refunds shall be based on the annual refund amount under Paragraph VII.D, and computed at the same rate the advance was originally assessed.

D. Computation of Refund. Refunds of the Advance In Aid of Construction shall be made by the Company on or before the 31st day of August of each year commencing with August of 2007, covering any refunds owing from water revenues received during the preceding July 1 to June 30 period. Any additional charge made by the Company based on any sales, privilege tax, excise tax, or regulatory assessment, shall not be included in the computation. The annual refund shall equal ten percent (10%) of the total gross annual revenue from water sales to each bona fide customer in the Development for a period of ten (10) years from the date of this Agreement.

E. Maximum Refund; Interest on Advance; Limitation on Revenues. The refund to the Developer under this Agreement shall in no event exceed the amount of the Advance, as adjusted. No interest shall be paid by the Company on any amounts advanced. The Company shall make no refunds from any revenue received from properties other than those located within the phase of the Development covered by this Agreement and contained within the area identified in Attachment 1 to this Agreement.

F. Transfer of Facilities. In the event of the sale, conveyance or transfer by the Company, pursuant to the approval of the Arizona Corporation Commission, of any portion of its water system, including the facilities serving the Development and installed pursuant to the terms of this Agreement, the Company's obligation under Paragraph VII.D hereto shall cease (except as to any payment which is then due) conditioned upon the transferee assuming, and agreeing to pay the Developer, any sums becoming payable to Developer thereafter in accordance with the provisions of Paragraph VII.D of this Agreement.

G. Company's Right of First Refusal. Before selling or transferring the obligation of the Company under this Agreement to refund the Advance, Developer shall first give the Company, or its assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Developer has received from any third person or persons which he may desire to accept. This provision shall not apply to Developer's assigning or pledging the Agreement in connection with any lender's requirements.

VIII. RISK; LIABILITY; INSURANCE

A. Risk. Developer shall carry on all work required hereunder at its own risk until the same is fully completed and accepted by the Company and will, in case of accident, destruction or injury to the work or material before such final completion and acceptance, replace or repair forthwith the work of materials so injured, damaged or destroyed, in accordance with the original approved plans and specifications and to the satisfaction of the Company and at Developer's own expense.

B. Liability. Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss for damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, or subcontractors incurred during the course of construction of the facilities. Accordingly, DEVELOPER WILL INDEMNIFY AND HOLD HARMLESS the Company, its officers, directors, engineers, agents and employees from and against such claims or expenses, including penalties and assessments, to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay all judgments rendered therein.

C. Insurance. Developer agrees to produce and maintain all insurances described below, including insurance covering the obligations assumed by Developer under Paragraph VIII.A and Paragraph VIII.B hereof. Certificates of Insurance shall be provided to the Company before the commencement of actual construction.

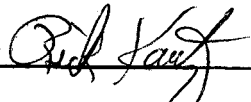
1. Workmens' compensation in the benefit amounts, and occupational disease disability insurance, as required by the laws and regulations of the state.
2. Comprehensive general liability insurance, with minimum combined single limits of \$1,000,000.00, and including operations and protective liability coverages. When the work to be performed requires blasting, Developer's insurance shall specifically cover that risk.
3. Comprehensive automobile liability insurance with minimum combined single limits of \$1,000,000.00, and covering all owned and non-owned automobiles or trucks used by or on behalf of Developer, in connection with the work.

IX. MISCELLANEOUS


Before this Agreement shall become effective and binding upon either the Company or the Developer, it must be approved by the Arizona Corporation Commission or its authorized representative. In the event that it is not so approved this Agreement shall be null and void and of no force or effect whatsoever. This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement in favor of the Company shall not be deemed its exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver by either party of any breach of this agreement nor any failure by either party to insist on strict performance by the other party of any provision of this agreement shall in any way be construed to be a waiver of any future or subsequent breach by such defaulting party or bar the non-defaulting party's right to insist on strict performance by the defaulting party of the provisions of this agreement in the future. Developer is an independent contractor and not an agent or employee of the Company. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

LIVCO WATER COMPANY

By 
Its John "Company"

CONCHO WEST SHORE PROPERTIES, LLC
SENTRA CAPITAL, L.L.C.

By 
Its MANAGER "Developer"

ATTACHMENT 1

MAP AND LEGAL DESCRIPTION OF DEVELOPMENT

46 Residential Lots, 1 Commercial Lot plus irrigation service within CONCHO WEST SHORES SUBDIVISION, a subdivision in Apache County, Arizona.

Please see attached plat plan.

ATTACHMENT 2

ENGINEERING PLAN OF WATER UTILITY PLANT

Please see attached

ATTACHMENT 3

**ESTIMATED ON-SITE AND OFF-SITE FACILITIES
AND ESTIMATED COSTS FOR
DOMESTIC AND FIRE PROTECTION SERVICES ¹**

<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Refundable</u>	<u>Non-Refundable</u>	<u>TOTAL</u>
(Please see attached bid)					
		SUBTOTAL	\$161,381.69	\$20,000.00	\$181,381.69
Engineer, Company Supervision and Legal Fees			<u>\$16,138.17</u>	<u>\$2,000.00</u>	<u>\$22,000.00</u>
TOTAL ADVANCE/CONTRIBUTION			\$177,519.85	\$22,000.00	\$199,519.85

¹ The size and quantity of the required facilities and the cost of those facilities will be subsequently revised in accordance with the approved engineering plans. Thereafter, this Attachment and the Agreement shall be revised to reflect actual cost pursuant to Paragraph B.

ATTACHMENT 4

ADDITIONAL TERMS AND CONDITIONS

☒ Check and initial if none

OK
Company

GLB
Developer

60004.00000.22

PINON VALLEY EXCAVATING INC.

PO BOX 278
ST. JOHNS, AZ 85936-0293

Estimate

Date	Estimate #
4/17/2006	441

Name / Address
WELLS/EASON DEVELOPEMENT, LLC CONCHO WEST SHORES 1529 EAST PALMDALE BLVD. SUITE 314 PALMDALE, CA. 93550

Project

Item	Description	Qty	Rate	Total
DIG PIPELINE	DIG PIPELINE FOR WATER PIPE 6000 LINEAR FEET OF 6" WATER LINE WITH 1600 FEET OF SERVICE LINES FOR LOTS	6,000	2.00	12,000.00
6" C900	DR14 BLUE PVC GSK C900 CL200	6,000	9.18	55,080.00
2" SCH. 40 PVC	SCHEDULE 40 PVC PIPE 20 FOOT GLUE JOINT	300	1.35	405.00
POLY PIPE	POLY PIPE FOR WATER SERVICES	700	0.65	455.00
LAY PIPE	LAY PIPE BY THE FOOT (PIPE NO LARGER THAN 6" AND LITTLE TO NO CUTTING)	7,000	1.25	8,750.00
MAKE MAINLIN...	MAKE A WET TAP MAINLINE TAP	1	2,500.00	2,500.00
PIPE TAPS AND ...	MAKE PIPE TAPS AND CONNECT SERVICES TO MAIN LINE (INCLUDES ALL CONCRETE FOR SPECS)	30	150.00	4,500.00
THRUST BLOCKS	THRUST-BLOCKS IN WATERLINE	40	100.00	4,000.00
MISC PIPE FITTL...	MISC. PIPE FITTINGS INCLUDING TEE GATE VALVES STUB OUTS BLOW OFFS ETC.		28,093.79	28,093.79
SERVICES	SERVICES INCLUDING CORP. STOPS , METER BOXES, LIDS, SADDLES U BRANCH ADPT COUPLERS VALVE METERS COUP METERS, ETC.		7,571.90	7,571.90
COVER AND CO...	COVER AND COMPACT WATERLINE AND SERVICES AS PER PLAN DETAIL	7,000	3.00	21,000.00
BEDDING MAT...	BEDDING MATERIAL FOR PIPE 1273 CU YDS FOR BEDDING6" ABOVE AND BELOW	1,273	12.00	15,276.00
CHLORINATE W...	CHLORINATE WATER LINE	7	100.00	700.00
PRESSURE TEST	PRESSURE TEST WATER LINE FOR LEAKS EVERY 1000 FEET (OPTIONAL)	7	150.00	1,050.00
FIRE HYDRANT	FIRE HYDRANT 4' BURY	4	2,500.00	10,000.00
FIRE HYDRANTS	DIG TO SIDE OF MAINLINE AND SET HYDRANT TO SPECS	4	2,500.00	10,000.00

Thank you for your business.

Total

\$181,381.69

Phone #
928-337-2714

**ON-SITE LINE EXTENSION AGREEMENT
FOR
DEVELOPER INSTALLED WASTEWATER FACILITIES**

BETWEEN

LIVCO SEWER COMPANY

AND

CONCHO WEST SHORE PROPERTIES, LLC

FOR

**CONCHO WEST SHORE SUBDIVISION
APACHE COUNTY, ARIZONA**

June 7, 2006

TABLE OF CONTENTS

I.	UTILITY PLANT ADDITIONS, COST PAYMENT, HOOK-UP FEES, AND OTHER CHARGES	2
A.	<u>Utility Plant Additions</u>	2
B.	<u>Cost</u>	2
C.	<u>Payment</u>	2
D.	<u>Other Wastewater Utility Charges</u>	2
II.	SERVICE; COMPANY LIABILITY LIMITATIONS; APPLICABLE RATES.....	2
A.	<u>Service</u>	2
B.	<u>Company Liability Limitations</u>	2
C.	<u>Applicable Rates</u>	3
III.	PERMITS AND LICENSES; EASEMENTS; TITLE	2
A.	<u>Permits and Licenses</u>	2
B.	<u>Easements</u>	3
C.	<u>Title</u>	3
IV.	COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; PLANS AND SPECIFICATIONS; WORKMANSHIP, MATERIALS, EQUIPMENT AND MACHINERY; CONNECTING NEW FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES	3
A.	<u>Commencement of Performance and Time of Completion</u>	3
B.	<u>Plans and Specifications</u>	4
C.	<u>Materials, Workmanship, Equipment and Machinery</u>	4
D.	<u>Connecting New Facilities</u>	4
E.	<u>Existing Underground Facilities Responsibility</u>	4
F.	<u>Additional Terms and Conditions</u>	4
V.	INSPECTION, TESTING AND CORRECTION OF DEFECTS.....	4
VI.	INVOICES; LIENS; "AS-BUILT" PLANS.....	5
A.	<u>Invoices</u>	5

B.	<u>Liens</u>	5
C.	<u>"As-Built" Plans</u>	5
VII.	AMOUNT OF ADVANCE; REFUND; TRANSFER.....	6
A.	<u>Amount of Advance</u>	6
B.	<u>Time of Payment</u>	6
C.	<u>Income Taxes</u>	6
D.	<u>Computation of Refund</u>	7
E.	<u>Maximum Refund; Interest on Advance;</u> <u>Limitation on Revenues</u>	7
F.	<u>Transfer of Facilities</u>	7
G.	<u>Company's Right of First Refusal</u>	7
VIII.	RISK; LIABILITY; INSURANCE.....	7
A.	<u>Risk</u>	7
B.	<u>Liability</u>	7
C.	<u>Insurance</u>	7
IX.	MISCELLANEOUS	8

**ON-SITE LINE EXTENSION AGREEMENT
FOR DEVELOPER INSTALLED WASTEWATER FACILITIES**

THIS ON-SITE LINE EXTENSION AGREEMENT, entered into this 7th day of June, 2006, by and between LIVCO SEWER COMPANY (hereinafter referred to as the "Company") and CONCHO WEST SHORE PROPERTIES, LLC, an Arizona limited liability company (hereinafter referred to as the "Developer"), is for the construction of utility infrastructure necessary to provide wastewater utility service to CONCHO WEST SHORES SUBDIVISION, a subdivision in Apache County, Arizona as shown in **Attachment 1** (hereinafter called the "Development" or at time the "Property").

WITNESSETH:

WHEREAS, Company owns and operates a public service corporation and holds a Certificate of Convenience and Necessity and represents to Developer that it has permits and governmental approvals required to authorize it to serve the public with wastewater service at the Development; and

WHEREAS, Developer is developing property within the certificated area of the Company, which Development is more fully described in **Attachment 1** hereto and incorporated herein by reference for all purposes; and

WHEREAS, the Company does not presently have wastewater collection lines on the Property sufficient to serve the Development; and

WHEREAS, under such circumstances the Arizona Corporation Commission's ("Commission") Rules and Regulations permit the Company to require an Advance In Aid Of Construction to provide such facilities; and

WHEREAS, unless otherwise provided in this Agreement, the defined terms herein shall have the same meaning as set forth in the Commission Rules and Regulations.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

I. UTILITY PLANT ADDITIONS; COST; PAYMENT; HOOK-UP FEES; AND OTHER CHARGES

A. Utility Plant Additions. The Developer will construct, or cause to be constructed, the wastewater utility plant described on **Attachment 2**, the cost of which is estimated in **Attachment 3**. For any subsequent phase of the Development, the Company and the Developer shall enter into a separate agreement in substantially the same form as this agreement.

B. Cost. The cost of construction of the subject plant as more fully detailed in **Attachment 3**, attached hereto and incorporated herein by reference for all purposes, is estimated to be \$ 269,404.30. The Construction Cost Advance shall be adjusted to the amount of the invoices provided to the Company as required in Articles III and VI.

C. **Payment.** Developer shall convey the facilities constructed under this Agreement pursuant to Articles III and VI. The payment of funds for the on-site facilities under this Agreement shall be deemed paid upon presentation of the documents pursuant to Article VI. Developer further agrees that upon execution of this Agreement, Developer will advance the applicable Administrative and Legal Fees as set forth in **Attachment 3** hereto.

D. **Other Wastewater Utility Charges.** At the time the Developer, Builder or a lot owner requests that a water meter be set at a specific lot line, the party requesting that service will also be required to initiate wastewater service and shall be responsible for paying to the Company Service Line Connection Charges as authorized by the Company's Tariff.

II. SERVICE; COMPANY LIABILITY; APPLICABLE RATES

A. **Service.** The subject plant additions are being installed for the purpose of providing domestic wastewater service to the Development consistent with the Company's Rules and Regulations. Service will be provided in accordance with good utility practice.

B. **Company Liability.** Company's obligation for service shall be as set by the stricter of AAC R14-2-607(C) and (D) or this Agreement. Company shall comply with such regulations and any other applicable law.

C. **Applicable Rates.** It is mutually understood and agreed that the charges for wastewater services to said Development shall be at the applicable rates of the Company which are currently on file with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of the Company and as approved by the Commission.

III. PERMITS AND LICENSES; EASEMENTS; TITLE

A. **Permits and Licenses.** Developer agrees to obtain at its own expense all licenses, permits, certificates and approvals from public authorities which may be required for the construction of facilities under this Agreement or development of the subject Property and to comply with all municipal and other public laws, ordinances and requirements in regard to the same. The cost of obtaining such licenses, permits, certificates and approvals shall be added to the amount of the refundable Advance In Aid Of Construction. The Company shall be responsible for obtaining at its own expense all licenses, permits, certificates and approvals from public authorities which may be required for the installation and operation of the off-site wastewater treatment and collection facilities that will serve the Development and into which the Developer constructed facilities shall intertie and connect. The Company shall be responsible for the construction and operation at its cost of all other wastewater treatment and collection facilities necessary to serve the Development.

B. **Easements.** Prior to the commencement of construction, Developer shall dedicate for the Property upon which the facilities to be constructed pursuant to this agreement will be installed, a perpetual easement for the construction, operation and maintenance of wastewater lines, mains and appurtenant facilities, in the name of the Company, and in a form acceptable to the Company, or a public utilities easement for such purposes as approved by Apache County.

C. **Title.** All materials installed, facilities constructed and equipment provided by Developer in connection with construction of facilities under this Agreement and the completed facilities as installed for which an Approval of Construction has been issued by ADEQ, and which facilities the Company has provided written acceptance, shall become the sole property of the Company, and full legal and equitable title thereto shall be then vested in the Company, free and clear of any liens, without the requirement of any written document of transfer to the Company or acceptance by the Company. Developer agrees to execute or cause to be executed promptly such documents as counsel for the Company may request to evidence good and merchantable title to said facilities free and clear of all liens. The Company shall confirm in writing the acceptance of title to the facilities.

IV. COMMENCEMENT OF PERFORMANCE AND TIME OF COMPLETION; PLANS AND SPECIFICATIONS; WORKMANSHIP, MATERIALS, EQUIPMENT AND MACHINERY; CONNECTING NEW FACILITIES; EXISTING UNDERGROUND FACILITIES RESPONSIBILITIES

A. **Commencement of Performance and Time of Completion.** It is estimated that the Developer will start the construction work to be performed under this Agreement in June, 2006 and will complete the construction work to be performed under this Agreement in September, 2007. Failure to meet those estimated dates shall in no way relieve the Developer or Company of any of their obligations under this Agreement.

B. **Plans and Specifications.** All plans, specifications and construction shall be in accordance with good utility practices and in accordance with all rules, regulations and requirements of regulatory agencies having jurisdiction over wastewater service and facilities. All of said plans and specifications shall have all requisite approvals in writing of all necessary agencies and the approval in writing of Company before construction is commenced. The Company's review, revisions and approval shall be provided as promptly as possible. Plans and specifications as approved by the Company for wastewater facilities to be constructed hereunder will be incorporated herein by reference and made part of this Agreement when so approved.

C. **Materials, Workmanship, Equipment and Machinery.** All materials shall be new and both workmanship and materials shall be of good quality which meet the specifications and standards of the Arizona Corporation Commission, ADEQ, the Arizona Department of Health Services and all local regulatory agencies. Developer shall assign to the Company the warranties of its contractor for the facilities to be built pursuant to this agreement or, if the Developer constructs the facilities itself, Developer agrees to pay all costs for removing and replacing any defective part or parts upon the Company providing written notice to the Developer within one year after such facilities being placed in regular operation.

D. **Connecting New Facilities.** The facilities constructed pursuant to the Agreement shall not be connected to the Company's existing facilities without the prior written approval of Company, which approval shall not be unreasonably withheld. Nor shall said facilities be operated prior to connection to the Company's facilities. Any such operation may result in either rejection of the facilities by the Company, or extraordinary charges to the Developer to purge the subject facilities prior to acceptance.

E. **Existing Underground Facilities Responsibility.** Developer shall be responsible for complying with A.R.S. 40-360.21, et seq., and related local regulations, and will assume all costs and liabilities associated with (1) coordination with the owners or agents of all underground facilities within and adjacent to the Development regarding the location of such facilities, and (2) construction near, or damage to, such underground facilities. Developer will conduct, or cause to be conducted, all excavation in a careful and prudent manner in its construction of all facilities subject to this Agreement.

F. **Additional Terms and Conditions.** Any additional terms and conditions applicable to this Agreement are contained in **Attachment 4** attached hereto and incorporated herein.

V. **INSPECTION, TESTING AND CORRECTION OF DEFECTS**

Developer shall comply with the inspection and testing requirements of the Company for the facilities to be constructed hereunder; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall promptly notify the Company when facilities under construction are ready for inspection and testing, and the Company shall inspect promptly after being so notified. The Company agrees to conduct any "open trench" inspection within 48 hours of the inspection date designated by Developer, provided Developer gives the Company at least 3 working days advance written notice of the inspection date, and the condition will be deemed automatically approved by Company if it fails to inspect the condition within such 48 hour period, provided the Company received such 3 working days advance written notice. If not inspected and approved by the Company, Developer shall provide within 10 working days its Engineer's Certificate of Approval that said facilities were installed in accordance with the approved plans and specifications.

For the purpose of inspection and testing of everything covered by this Agreement, or the work thereon, Developer shall give the Company and any inspectors appointed by it, free access to the working places and furnish every facility for properly inspecting such materials and work and shall furnish them with full information whenever requested as to the progress of the work on its various parts. The approval of work by any such inspector shall not relieve Developer from its obligation to comply in all respects with the instructions and specifications to make the work a finished job of its kind, completed in accordance with the plans and specifications approved by the Company and are satisfactory to the Company upon inspection and testing. Developer agrees that no inspection by or on behalf of the Company shall relieve Developer from its obligation to do and complete the work in accordance with this Agreement. If at any time before the final completion and acceptance of the work any part of the work is found to be defective or deficient in any way, or in any way fails to conform to this Agreement, the Company is hereby expressly authorized to reject or revoke acceptance of such defective or deficient work and require Developer to do over and make good on such defective work. No costs incurred by Developer to do over or make good on defective or deficient work shall be included in the Amount of Advance pursuant to Paragraph A. The Company specifically reserves the right to withhold approval and to forbid connection of the facilities constructed pursuant to this Agreement to the Company's system unless such facilities have been constructed in accordance with the plans and specifications as approved by the Company and are satisfactory to the Company upon inspection and testing. Developer agrees that it will

promptly correct all defects and deficiencies in construction, materials and workmanship upon request by the Company made subsequent to inspection by the Company.

VI. INVOICES; LIENS; "AS-BUILT" PLANS

A. **Invoices.** Developer agrees to furnish Company, within thirty (30) days after completion of construction, copies of Developer's, subcontractors', vendors' and all others' invoices for all engineering, surveying, and other services, materials installed, construction performed, equipment provided, materials purchased and all else done for construction pursuant to this Agreement at the actual cost thereof.

B. **Liens.** Developer acknowledges its duty to obtain lien waivers from all providing labor, materials or services hereunder. Developer hereby irrevocably waives any rights it may now have or which it may acquire during the course of this Agreement to record liens against the Company or its property. Developer shall also pay, satisfy and discharge, or bond over, all mechanics', materialmen's and other liens, and all claims, obligations and liabilities which may be asserted against the Company or its property by reason of the Developer's construction of the Improvements to be constructed pursuant to this agreement.

C. **"As-Built" Plans.** Developer agrees to furnish the Company, within forty-five (45) days after completion of construction, "as-built" drawings showing the locations of all wastewater man holes, lift stations, mains, valves, and service connections to all structures served from facilities which are constructed pursuant to this Agreement. The drawings shall be certified by the Developer's engineer of record and shall be provided on reproducible milar prints, and in a digital format (i.e. AutoCad, MicroStation or .dxf format or as otherwise specified by the Company), all available data for the Development, including ALTA surveys, topographical, aerials, tentative plats, engineering plans, and final plats.

VII. AMOUNT OF ADVANCE; INCOME TAX; REFUND; TRANSFER

A. **Amount of Advance.** Based on the estimated cost contained in Paragraph I.B., and subject to receiving invoices pursuant to Paragraph VIA, totalling at least the estimated cost, the Advance by the Developer shall be a total of \$269,404.30. Of the total advance, \$269,404.30 shall be refundable pursuant to this Paragraph VII. If the actual construction cost is less than the estimated Advance, the Advance shall be the lesser amount, to the extent supported by invoices provided pursuant to Paragraph VIA. If the actual construction cost is more than the estimated Advance, the Advance shall be the greater amount, to the extent supported by invoices provided pursuant to Paragraph VIA. If funds were advanced by the Developer for the construction by the Company, advances in excess of the actual construction, as well as advanced funds in excess of actual administration, engineering and legal costs, will be refunded to the Developer within thirty (30) days of completion and acceptance of the construction.

B. **Time of Payment.** The payment of the funds under this Agreement shall be as follows:

1. Upon execution of this Agreement, Developer shall advance the Administrative, Engineering and Legal costs as set forth in **Attachment 3**. This Advance totals \$24,491.30.
2. Upon completion of the construction to be performed by the Developer, Developer shall provide the documentation required by Paragraphs III, IV, V, and VI of this Agreement.

C. **Income Taxes.** In the event it is determined by Congress, the Internal Revenue Service, the Arizona Legislature or the Arizona Department of Revenue that all or a portion of the cost estimates in Attachment 3 is taxable income to the Company as of the date of this Agreement, or upon receipt of said costs or facilities by the Company, the Developer will advance funds equal to the applicable income taxes for the Company's state and federal tax liability on all funds advanced pursuant to this Agreement. These funds shall be payable by the Developer to the Company immediately upon notification to the Developer of the determination by the appropriate agency having jurisdiction. At the time the refunds are made pursuant to Paragraph VII.D, the Company shall also refund that portion of the income taxes associated with that refund that were advanced under this Paragraph VII.C. The income tax advance refunds shall be based on the annual refund amount under Paragraph VII.D, and computed at the same rate the advance was originally assessed.

D. **Computation of Refund.** Refunds of the Advance In Aid of Construction shall be made by the Company on or before the 31st day of August of each year commencing with August of 2007, covering any refunds owing from wastewater revenues received during the preceding July 1 to June 30 period. Any additional charge made by the Company based on any sales, privilege tax, excise tax, or regulatory assessment, shall not be included in the computation. The annual refund shall equal ten percent (10%) of the total gross annual revenue from wastewater sales to each bona fide customer in the Development for a period of ten (10) years from the date of this Agreement.

E. **Maximum Refund; Interest on Advance; Limitation on Revenues.** The refund to the Developer under this Agreement shall in no event exceed the amount of the Advance, as adjusted. No interest shall be paid by the Company on any amounts advanced. The Company shall make no refunds from any revenue received from properties other than those located within the phase of the Development covered by this Agreement and contained within the area identified in Attachment 1 to this Agreement.

F. **Transfer of Facilities.** In the event of the sale, conveyance or transfer by the Company, pursuant to the approval of the Arizona Corporation Commission, of any portion of its wastewater system, including the facilities serving the Development and installed pursuant to the terms of this Agreement, the Company's obligation under Paragraph VIID hereto shall cease (except as to any payment which is then due) conditioned upon the transferee assuming, and agreeing to pay the Developer, any sums becoming payable to Developer thereafter in accordance with the provisions of Paragraph VIID of this Agreement.

G. **Company's Right of First Refusal.** Before selling or transferring the obligation of the Company under this Agreement to refund the Advance, Developer shall first give the Company, or its assigns, reasonable opportunity to purchase the same at the same price and upon the same terms as contained in any bona fide offer which Developer has received from any third person or

persons which he may desire to accept. This provision shall not apply to Developer's assigning or pledging the Agreement in connection with any lender's requirements.

VIII. RISK; LIABILITY; INSURANCE

A. **Risk.** Developer shall carry on all work required hereunder at its own risk until the same is fully completed and accepted by the Company and will, in case of accident, destruction or injury to the work or material before such final completion and acceptance, replace or repair forthwith the work of materials so injured, damaged or destroyed, in accordance with the original approved plans and specifications and to the satisfaction of the Company and at Developer's own expense.

B. **Liability.** Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss for damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, or subcontractors incurred during the course of construction of the facilities. Accordingly, DEVELOPER WILL INDEMNIFY AND HOLD HARMLESS the Company, its officers, directors, engineers, agents and employees from and against such claims or expenses, including penalties and assessments, to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay all judgments rendered therein.

C. **Insurance.** Developer agrees to produce and maintain all insurances described below, including insurance covering the obligations assumed by Developer under Paragraph A and Paragraph B hereof. Certificates of Insurance shall be provided to the Company before the commencement of actual construction.

1. Workmens' compensation in the benefit amounts, and occupational disease disability insurance, as required by the laws and regulations of the state.
2. Commercial general liability insurance, with minimum combined single limits of \$1,000,000.00, and including operations and protective liability coverages. When the work to be performed requires blasting, Developer's insurance shall specifically cover that risk.
3. Comprehensive automobile liability insurance, with minimum combined single limits of \$1,000,000.00, and covering all owned and non-owned automobiles or trucks used by or on behalf of Developer, in connection with the work.

IX. MISCELLANEOUS

This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement is consistent with all Rules and Regulations of the Commission and authorized Tariffs of the Company and therefore does not require specific approval of the Commission. This Agreement constitutes the entire agreement and understanding

between the parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this agreement shall not be deemed exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver by either party of any breach of this agreement nor any failure by either party to insist on strict performance by the other party of any provision of this agreement shall in any way be construed to be a waiver of any future or subsequent breach by such defaulting party or bar the non-defaulting party's right to insist on strict performance by the defaulting party of the provisions of this agreement in the future. Developer is an independent contractor and not an agent or employee of the Company. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

LIVCO SEWER COMPANY

By 

Its Pete

"Company"

CONCHO WEST SHORE PROPERTIES, LLC
SINTRA CAPITAL, LLC

By 

Its MANAGER

"Developer"

ATTACHMENT 1

MAP AND LEGAL DESCRIPTION OF DEVELOPMENT

46 Residential Lots and 1 Commercial Lot within CONCHO WEST SHORES SUBDIVISION, a subdivision in Apache County, Arizona.

Please see attached plat plan.

ATTACHMENT 2

ENGINEERING PLAN OF WASTEWATER UTILITY PLANT

Please see attached.

ATTACHMENT 3

ESTIMATED ON-SITE AND OFF-SITE FACILITIES AND ESTIMATED COSTS FOR WASTEWATER SERVICES ¹

<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Refundable</u>	<u>Non-Refundable</u>	<u>TOTAL</u>
(Please see attached bid)					
		SUBTOTAL	\$244,913.00		\$244,913.00
Engineer, Company Supervision and Legal Fees			<u>\$24,491.30</u>		<u>\$24,491.30</u>
TOTAL ADVANCE/CONTRIBUTION			\$269,404.30		\$269,404.30

¹ The size and quantity of the required facilities and the cost of those facilities will be subsequently revised in accordance with the approved engineering plans. Thereafter, this Attachment and the Agreement shall be revised to reflect actual cost pursuant to Paragraph B.

ATTACHMENT 4

ADDITIONAL TERMS AND CONDITIONS

☒ Check and initial if none

PK
Company

GLB
Developer

60004.00000.22

PINON VALLEY EXCAVATING INC.

PO BOX 278

ST. JOHNS, AZ 85936-0293

Estimate

Date	Estimate #
4/17/2006	440

Name / Address
WELLS/EASON DEVELOPEMENT, LLC CONCHO WEST SHORES 1529 EAST PALMDALE BLVD. SUITE 314 PALMDALE, CA. 93550

				Project
Item	Description	Qty	Rate	Total
SEWER SYSTEM	SEWER SYSTEM FOR PROJECT			
SEWER PIPE	8" MAIN LINE	2,340	6.75	15,795.00
6" MAINLINE	6" MAIN LINE PIPE	580	4.00	2,320.00
SERVICE LINE P...	4" SERVICE LINE	1,640	2.00	3,280.00
FORCE MAIN	2" FORCE MAIN LINE FOR SEWER	340	1.00	340.00
GASKETS AND ...	MISC. GASKET AND ADAPTERS FOR FORCE MAIN		2,298.00	2,298.00
MANHOLES	MANHOLES	11	2,200.00	24,200.00
MANHOLE COV...	COVERS	11	225.00	2,475.00
GASKETS AND ...	MISC. GASKET AND ADAPTERS FOR MAN HOLES		7,800.00	7,800.00
SEWER WYE	WYE'S FOR SEWER SERVICES		1,700.00	1,700.00
GASKETS AND ...	MISC. GASKET AND ADAPTERS		1,745.00	1,745.00
SEWER EXCAV...	DIG SEWER LINES TO GRADE DOWN TO 12'	5,040	7.00	35,280.00
BEDDING	BEDDING FOR SEWER LINE	750	12.00	9,000.00
LAY SEWER LINE	LAY SEWER LINE TO ON GRADE	5,040	3.00	15,120.00
COVER AND CO...	COVER AND COMPACT	5,040	9.00	45,360.00
SET MAN HOLES	SET MANHOLES	11	100.00	1,100.00
LIFT STATION	LIFT STATION PER PLAN DETAIL 12' DEEP CONCRETE (NOT CONNECTED TO ELECTRIC)	1	70,100.00	70,100.00
LIFT STATION	LIFT STATION INSTALLATION	1	7,000.00	7,000.00
Thank you for your business.		Total		
		\$244,913.00		

Phone #
928-337-2714

**CONCHO VALLEY
UNIT ONE**

A SUBDIVISION OF PART OF SECTION 7, T12N, R20
G&S.R.B.C.M. APACHE COUNTY, ARIZONA.

DEDICATION

[illegible]

attest Frank G. Frost Justice of the Peace

ACKNOWLEDGEMENT

State of Arizona
County of Pima
On this 3rd day of March, 1962 before me personally appeared Stanley A. Kopp, known to me as the said Stanley A. Kopp, who acknowledged that he is the owner of the INSURANCE COMPANY OF ARIZONA, an Arizona Corporation, and acknowledged that he is the being duly authorized to do, executed the foregoing instrument for the purpose therein contained by signing the same in the presence of me, the undersigned, as well as the witnesses, as therein provided by law, and that he is duly qualified to execute the same.

APPROVAL

Approved by the BOARD OF SUPERVISORS of ALPACHE
COUNTY, VERMONT, on this, the 22 day of April 1961.
By: Walter E. Johnson Attest: E. Johnson
Walter E. Johnson Clerk

CERTIFICATION

*This is to certify that the survey and substance of the ab-
described premises was made by me and is true and cor-
is the best of my knowledge and belief. All answers with-*

5/11/68

61007


 UNIVERSITY OF MICHIGAN LIBRARY
 ANN ARBOR, MICHIGAN

مجلس شورای ملی
شماره ۱۰۰
تاریخ ۱۳۰۲

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DETAIL A

Q. Yes.

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17475 d.

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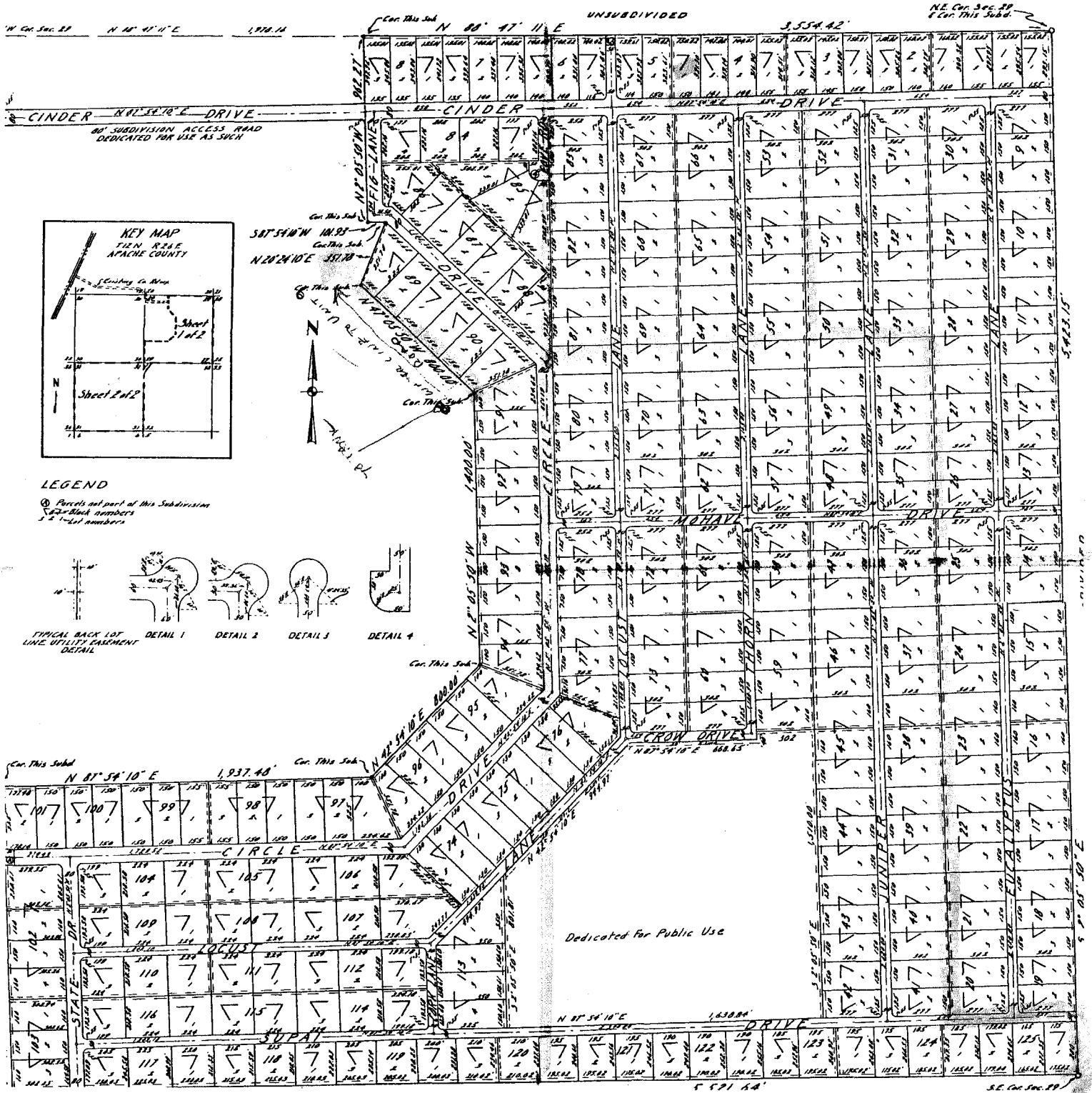
**TYPICAL BACKLIFT
LINE UTILITY ENGINEER**

DETHI

UNSUBDIVIDED
= QUARTER SECTION 7
CUSTOMERS ON
= WATER LINES
NO
SEWER

CONCHO VALLEY UNIT THREE North

A SUBDIVISION OF PART OF SECTION 29 & SECTION 31, T12N, R26E, G&SRB&M, APACHE CO, ARIZONA



= CUSTOMERS

WATER LINE

= QUARTER SECTIONS SECTION 29

7-25

"Trustee named herein states that pursuant to the provisions of ARS 33-401, an Affidavit has been provided in the office of the County Recorder in Apache County in Docket 285, page 41, Document (fee) # 10678."

DEDICATION
State of Arizona
County of Apache

_____ know all men by these presents that the CONTINENTAL SERVICE CORPORATION, as Trustee and not personally and pursuant to the request of its Beneficiary, Lane Investment Company, has subdivided under the name of CONCHO VALLEY UNIT 33 - Section 33, T12N, R22E, G15RB (A), Apache County Arizona as shown and platited herein and hereby publishes this DEED, to the plat of said CONCHO VALLEY UNIT 33 and hereby declares that said plat sets forth the location and gives the dimensions of the lots and streets constituting same and that each lot and street shall be known by the number or name given each respectively on said plat and that CONTINENTAL SERVICE CORPORATION as Trustee, do hereby dedicate to the public for the use as such the streets as shown on said plat and includes in the above described premises easements dedicated for the purposes shown.

In Witness whereof CONTINENTAL SERVICE CORPORATION as Trustee, has this 31st day of June, 1994 hereto caused its name to be signed and the same to be attested by the signature of the undersigned officer hereto duly authorized.

In Witness whereof CONTINENTAL SERVICE CORPORATION as Trustee, has this 9th day of June, 1984 hereunto caused it's name to be signed and the same to be attested by the signature of the undersigned officer hereunto duly authorized.

CONTINENTAL SERVICE CORPORATION, as trustee.

Attest Charlotta A. Synell
 SENIOR TRUST OFFICER

ACKNOWLEDGEMENT

State of Arizona
County of Apache

On this the 8th day of June 1984 before me personally appeared Charles A. Fowl who acknowledged himself to be the Secretary of CONTINENTAL SERVICE CORPORATION and acknowledged that they as such officers being duly sworn to do so executed the foregoing instrument for the purpose therein continued by signing the same as such officers respectively.

In Witness Whereof, I have set my hand and official seal

My Commission Expires July 23, 1986 Barbara Ann Wilson ne Spaworth

My Commission Expires July 21, 2016
Sharon M. M. Wilson Notary Public
Sharon M. M. Wilson

1000000

Approved this 16th day of July, 1984 by the County Board of Supervisors.

By Charles H. Lee Attorney Charles Bigelow
Chairman Clerk

Approved this 22nd day of June, 1984 by the County Planning and Zoning Commission.

By John J. Ladd HITEST James H. Wilson
Chairman Clerk

CERTIFICATION

This is to certify that the survey and subdivision of the above described premises was made by me and is true and correct to the best of my knowledge and belief.

Keith Shreeve PE 6123

NOTE

-Total Lots = 82

16481 Area (excluding Parcel A) = 612.98 Acres
Parcel A is not part of this subdivision. 0.70 Acres

1. Smallest Lot = 1.84 Acres

5- Largest Lot = 19.17 Acres

- - A 20-Utility Esmt. is reserved along all lot lines.

62361

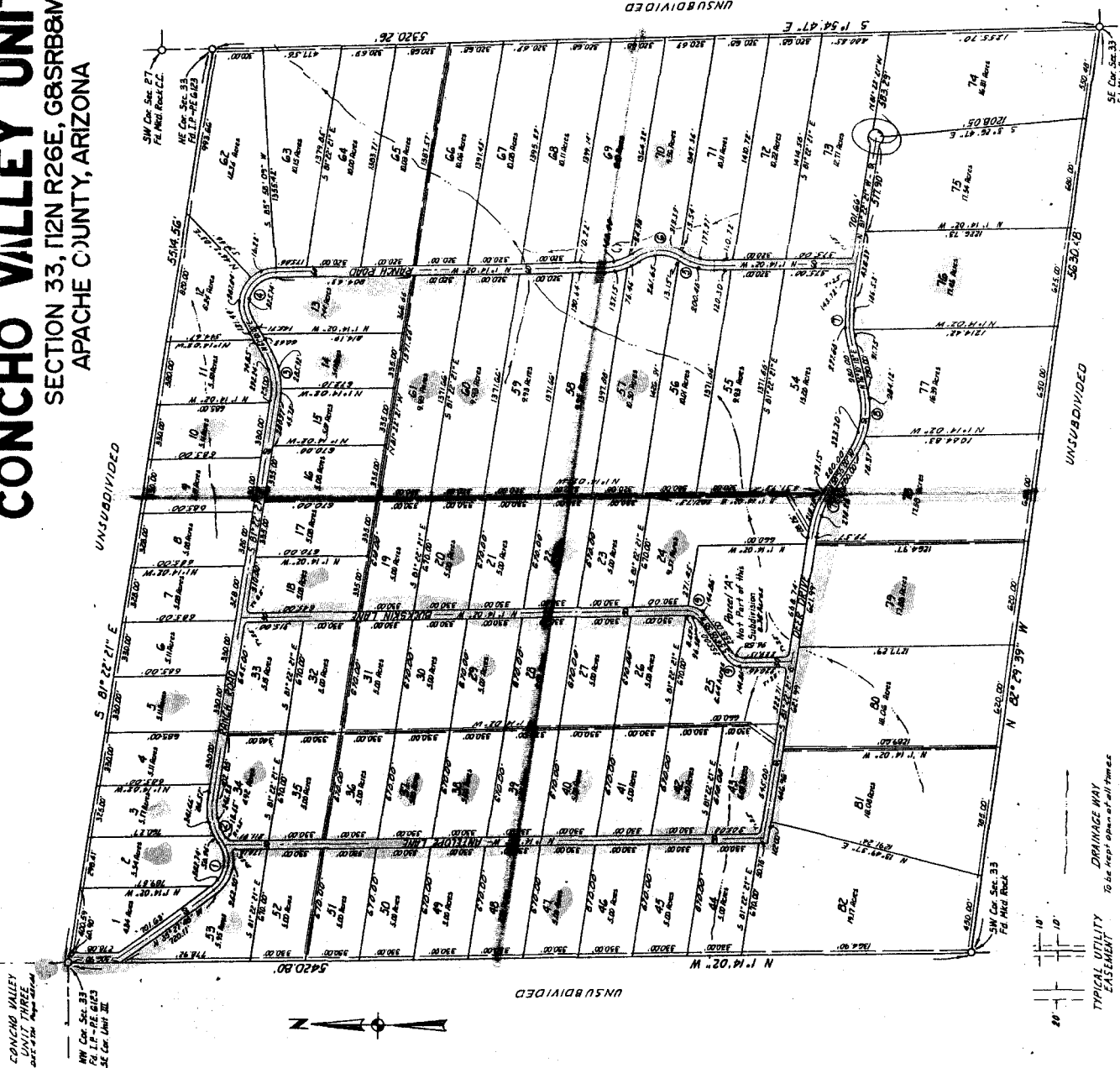
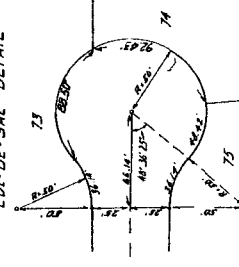
NO	E CURVE DATA				L'CHORD	ARC
	DELTA	TAN.	PIQ	P'CHORD		
1	90° 00' 00"	210.00	210.00	296.98	378.87	
2	44 03' 21"	141.73	330.00	262.74	263.94	
3	37 31' 39"	141.63	475.00	300.37	311.94	
4	117° 45' 56"	312.54	168.48	222.72	363.40	
5	34° 00' 56"	100.023	324.62	121.92	175.78	
6	23° 03' 52"	110.00	270.50	206.23	304.67	
7	27° 27' 21"	145.91	715.00	298.23	894.07	
8	44 54' 48"	160.80	337.00	334.19	342.02	
9	54 59' 00"	54.53	157.00	115.96	172.92	

62161

7:30 PM 10:30 PM
Karl F. Lammie

10/2/94

0111-DE-ENC DETAIL



LEGAL DESCRIPTION CONCHO WEST SHORE SUBDIVISION

A portion of Sections 7 and 18, T.12 N., R.26 E., G.&S.R.B.&M., Apache County, Arizona more particularly described as follows:

Commencing at a point marking the Northeast corner of said Section 18; thence South 86° 00' 07" West along the common boundary between Sections 7 & 18, a distance of 1,874.18 feet to the TRUE POINT OF BEGINNING; thence South 00° 50' 31" West, a distance of 1,378.86 feet to a point on the South boundary of the Northwest Quarter of the Northeast Quarter of Section 18, said point lying South 86° 24' 11" West a distance of 426.43 feet from the Northeast 1/16 Section corner; thence South 86° 24' 11" West along said 1/16 Section line a distance of 898.76 feet to a point on the Easterly right-of-way boundary of State Highway 61; thence North 18° 33' 42" East along the highway right-of-way, a distance of 1,437.83 feet to a point of curvature; thence Northerly along the right-of-way boundary and along a curve being concave to the east, having a radius of 3,745 feet, through a central angle of 05° 14' 54", a distance of 343.05 feet; thence South 69° 00' 28" East a distance 361.78 feet; thence South 00° 50' 31" West a distance of 118.16 feet to the TRUE POINT OF BEGINNING.

Containing 23.04 acres, more or less

Subject to any existing easements or restrictions

A PROPOSED SUBDIVISION
IN A PORTION OF SECTIONS 7 & 18, T. 12 N., R. 26 E.
G.&S.R.E.&N., CONCHO APACHE COUNTY, ARIZONA

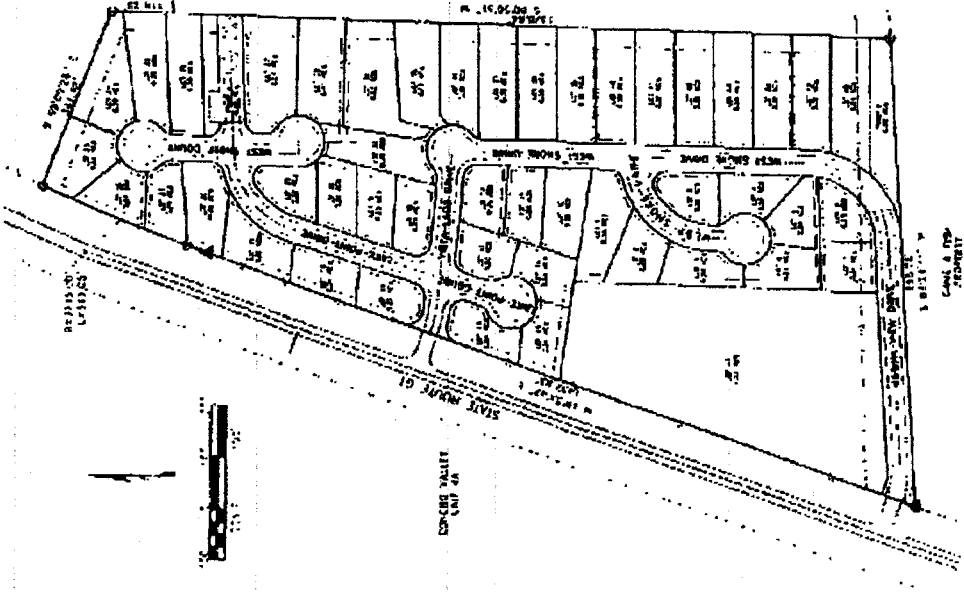
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SINCE & SINCE

[illegible][illegible][illegible][illegible]

RECEIVED
JAN 10 1968

P.O. Box 5274
 St. Louis, Missouri 63108
 (314) 435-1100 FAX: (314) 435-1101



ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



LIVCO SEWER COMPANY
P.O. BOX 659
CONCHO, AZ 85924

ANNUAL REPORT

COPY

FOR YEAR ENDING

12	31	2005
----	----	------

FOR COMMISSION USE

ANN05	05
-------	----

ITEM 6

COMPANY INFORMATION

Company Name (Business Name) Livco Sewer Co.

Mailing Address: PO Box 659

Concho

AZ

85924

928 337-2266

928 337-3578

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address livco@conchoaz.com

Local Office Mailing Address same

(Street)

(City)

(State)

(Zip)

same

same

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address same

MANAGEMENT INFORMATION

Management Contact: Rick Kautz, President

PO Box 659

Concho, AZ 85924

928 337-2266

928 337-3578

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address: livco@conchoaz.com

On Site Manager: Jenni Wicks

SAME

(Street)

(City)

(State)

(Zip)

SAME

SAME

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address SAME

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: S.A. 1, Ltd**2111 E. Highland Ave. #215****Phoenix****AZ****85013**

(Street)

602 522-8126

(City)

602 522-8145

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Telephone No. (Include Area Code)

Fax No. (Include Area Code)

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Attorney:**Byrne and Shaw PLLC****2111 E. Highland Ave. #215****Phoenix****AZ****85013**

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Telephone No. (Include Area Code)

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Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

☐ Sole Proprietor (S)☒ C Corporation (C) (Other than Association/Co-op)☐ Partnership (P)☐ Subchapter S Corporation (Z)☐ Bankruptcy (B)☐ Association/Co-op (A)☐ Receivership (R)☐ Limited Liability Company☐ Other (Describe) _____**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE☐ COCHISE☐ COCONINO☐ GILA☐ GRAHAM☐ GREENLEE☐ LA PAZ☐ MARICOPA☐ MOHAVE☐ NAVAJO☐ PIMA☐ PINAL☒ SANTA CRUZ☐ YAVAPAI☐ YUMA☐ STATEWIDE

COMPANY NAME

LIVCO SEWER COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DECRPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements	3,273	376	2,897
355	Power Generation Equipment			
360	Collection Sewers - Force	75	8	67
361	Collection Sewers - Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells	24,817	3,138	21,679
380	Treatment and Disposal Equip.			
381	Plant Sewers	97,056	80,072	16,984
382	Outfall Sewer Lines	126	21	105
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment	212	52	160
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.	4,810	3,970	840
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant	36,804	18,378	18,426
	TOTALS	167,173	106,015	61,158

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME LIVCO SEWER COMPANY

CALCULATION OF DEPRECIATION EXPENSE

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements	3,273	5%	164
355	Power Generation Equipment			
360	Collection Sewers - Force	75	5%	4
361	Collection Sewers - Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells	24,817	5%	1,241
380	Treatment and Disposal Equip.			
381	Plant Sewers	97,056	5%	4,853
382	Outfall Sewer Lines	126	5%	6
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment	212	5%	11
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.	4,810	5%	241
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant	36,804	5%	1,840
	TOTALS	167,173		8,360

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME LIVCO SEWER COMPANY

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	281	330
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	0	6,757
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 281	\$ 7,087
	FIXED ASSETS		
101	Utility Plant in Service	156,719	167,173
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	97,655	106,015
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 59,064	\$ 61,158
	TOTAL ASSETS	\$ 59,345	\$ 68,245

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

COMPANY NAME LIVCO SEWER COMPANY

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 5,846	\$ 3,253
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	3,767	7,500
235	Customer Deposits	60	130
236	Accrued Taxes	36	70
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 9,709	\$ 10,953
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
252	Advances in Aid of Construction		
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 9,709	\$ 10,953
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 5,000	\$ 5,000
211	Other Paid in Capital	98,553	112,343
215	Retained Earnings	(53,917)	(60,051)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 49,636	\$ 57,292
	TOTAL LIABILITIES AND CAPITAL	\$ 59,345	\$ 68,245

COMPANY NAME

LIVCO SEWER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$ 4,000	\$ 3,715
522	Measured Revenues		
536	Other Wastewater Revenues		
	TOTAL REVENUES	\$ 4,000	\$ 3,715
	OPERATING EXPENSES		
701	Salaries and Wages	\$ 1,715	\$ 1,952
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense	5,798	250
715	Purchased Power	4,592	4,984
716	Fuel for Power Production		
718	Chemicals	3,090	4,567
720	Materials and Supplies	1,285	1,446
731	Contractual Services - Professional		
735	Contractual Services - Testing		
736	Contractual Services - Other	7,362	5,024
740	Rents		
750	Transportation Expense		
755	Insurance Expense	1,450	507
765	Regulatory Commission Expense		
775	Miscellaneous Expense	109	0
403	Depreciation Expense	7,837	8,360
408	Taxes Other Than Income	162	338
408.11	Property Taxes	99	523
409	Income Taxes	90	0
	TOTAL OPERATING EXPENSES	\$ 33,589	\$ 27,951
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	167	650
	TOTAL OTHER INCOME/EXP	\$ (167)	\$ (650)
	NET INCOME/(LOSS)	\$ (29,756)	\$ (24,886)

COMPANY NAME	LIVCO SEWER COMPANY
---------------------	----------------------------

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME	Livco Sewer Co.
---------------------	------------------------

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	A= Settling Pond B= Constructed Wetlands C= Reuse Area
DESIGN CAPACITY OF PLANT (Gallons Per Day)	20,000

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Golf Course Pump Station	2	10	300	375
#17 Green	2	3	54	375
# 6 Tee box	2	2	70	375
Unit 9A	2	7.5	140	375
Motel	2	10	325	375
Old Concho station	2	15	900	1,000

FORCE MAINS

Size	Material	Length (Feet)
4-inch	PVC	12,750
6-inch	PVC	5,000

MANHOLES

Type	Quantity
Standard	
Drop	94

CLEANOUTS

Quantity
2

COMPANY NAME Livco Sewer Co.

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4		
6	PVC	665
8	PVC	23,081
10		
12		
15		
18		
21		
24		
30		

SERVICES

Size (in inches)	Material	Quantity
4	PVC	24
6		
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
STRUCTURES (Buildings, Fences, Etc.)	Fencing around settling ponds & wetlands
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	

COMPANY NAME Livco Sewer Co.

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
January 2005	21	95,500	
February	22	83,700	
March	23	92,700	
April	23	147,400	
May	23	219,600	
June	23	261,700	
July	23	250,400	
August	24	173,000	
September	24	169,400	
October	24	127,200	
November	24	154,400	
December 2005	24	56,200	

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Evap ponds
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	102422
Groundwater Permit Number	
ADEQ Aquifer Protection Permit Number	P-102422
ADEQ Reuse Permit Number	R-0009-01
EPA NPDES Permit Number	

STATISTICAL INFORMATION

Total number of customers _____ 24 _____

Total number of gallons treated _____ 1,831,200 _____ gallons

COMPANY NAME LIVCO SEWER COMPANY YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (24,886)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (24,886)
Estimated or Actual State Tax Liability 0

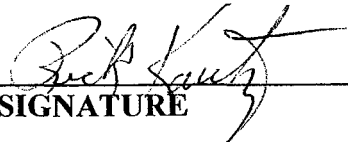
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/11/06
DATE

Rick Kautz
PRINTED NAME

Pres.
TITLE

COMPANY NAME LIVCO SEWER COMPANY YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 523

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME LIVCO SEWER COMPANY YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (24,886)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (24,886)
Estimated or Actual State Tax Liability 0


Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

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SIGNATURE

4/4/06
DATE

Rick Kautz
PRINTED NAME

Pres.
TITLE

COMPANY NAME LIVCO SEWER COMPANY YEAR ENDING 12/31/2005

PROPERTY TAXES

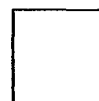
Amount of actual property taxes paid during Calendar Year 2005 was: \$ 523

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



LIVCO WATER COMPANY
P.O. BOX 659
CONCHO, AZ 85924

ANNUAL REPORT

COPY

FOR YEAR ENDING

12	31	2005
-----------	-----------	-------------

FOR COMMISSION USE

ANN04	05
--------------	-----------

COMPANY INFORMATION

Company Name (Business Name) Livco Water Co.

Mailing Address: PO Box 659

Concho

AZ

85924

928 337-2266

928 337-3578

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address livco@conchoaz.com

Local Office Mailing Address same

(Street)

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(State)

(Zip)

same

same

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address same

MANAGEMENT INFORMATION

Management Contact: Rick Kautz, President

PO Box 659

Concho, AZ 85924

928 337-2266

928 337-3578

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address: livco@conchoaz.com

On Site Manager: Jenni Wicks

SAME

(Street)

(City)

(State)

(Zip)

SAME

SAME

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address SAME

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: S.A. 1, Ltd**2111 E. Highland Ave. #215****Phoenix****AZ****85013**

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Attorney:**Byrne and Shaw PLLC****2111 E. Highland Ave. #215****Phoenix****AZ****85013**

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Check the following box that applies to your company:

☐ Sole Proprietor (S)☒ C Corporation (C) (Other than Association/Co-op)☐ Partnership (P)☐ Subchapter S Corporation (Z)☐ Bankruptcy (B)☐ Association/Co-op (A)☐ Receivership (R)☐ Limited Liability Company☐ Other (Describe) _____**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE☐ COCHISE☐ COCONINO☐ GILA☐ GRAHAM☐ GREENLEE☐ LA PAZ☐ MARICOPA☐ MOHAVE☐ NAVAJO☐ PIMA☐ PINAL☐ SANTA CRUZ☐ YAVAPAI☐ YUMA☐ STATEWIDE

COMPANY NAME**LIVCO WATER COMPANY****UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1,882		1,882
302	Franchises			
303	Land and Land Rights	1,060		1,060
304	Structures and Improvements	11,660	2,241	9,419
307	Wells and Springs	49,726	45,176	4,550
311	Pumping Equipment	67,566	27,568	39,998
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	62,170	59,840	2,330
331	Transmission and Distribution Mains	234,320	223,560	10,760
333	Services			
334	Meters and Meter Installations	51,805	20,463	31,342
335	Hydrants	8,326	1,456	6,870
336	Backflow Prevention Devices	775	175	600
339	Other Plant and Misc. Equipment	950	193	757
340	Office Furniture and Equipment	1,938	346	1,592
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	1,530	266	1,264
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	1,825	392	1,433
348	Other Tangible Plant	12,478	5,818	6,660
	TOTALS	508,011	387,494	120,517

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME**LIVCO WATER COMPANY****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1,882		
302	Franchises			
303	Land and Land Rights	1,060		
304	Structures and Improvements	11,660	5%	583
307	Wells and Springs	49,726	5%	2,486
311	Pumping Equipment	67,566	5%	3,378
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	62,170	5%	3,109
331	Transmission and Distribution Mains	234,320	5%	11,716
333	Services			
334	Meters and Meter Installations	51,805	5%	2,590
335	Hydrants	8,326	5%	416
336	Backflow Prevention Devices	775	5%	39
339	Other Plant and Misc. Equipment	950	5%	47
340	Office Furniture and Equipment	1,938	5%	97
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	1,530	5%	76
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	1,825	5%	91
348	Other Tangible Plant	12,478	5%	624
	SUBTOTALS	508,011		25,252
	CIAC Amortization			-
	TOTALS	508,011		25,252

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME

LIVCO WATER COMPANY

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 225	\$ 62
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	6,509	7,301
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	0	6,933
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 6,734	\$ 14,296
	FIXED ASSETS		
101	Utility Plant in Service	\$ 481,143	\$ 508,011
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	362,242	387,494
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 118,901	\$ 120,517
	TOTAL ASSETS	\$ 125,635	\$ 134,813

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME LIVCO WATER COMPANY

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 8,306	\$ 5,793
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	8,312	9,000
235	Customer Deposits	4,640	4,760
236	Accrued Taxes	327	629
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 21,585	\$ 20,182
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	7,313	8,113
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	139,985	139,985
272	Less: Amortization of Contributions	139,985	139,985
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 7,313	\$ 8,113
	TOTAL LIABILITIES	\$ 28,898	\$ 28,295
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 82,000	\$ 82,000
211	Paid in Capital in Excess of Par Value	125,557	157,901
215	Retained Earnings	(110,820)	(133,383)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 96,737	\$ 106,518
	TOTAL LIABILITIES AND CAPITAL	\$ 125,635	\$ 134,813

COMPANY NAME
LIVCO WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 94,340	\$ 95,806
460	Unmetered Water Revenue		
474	Other Water Revenues	620	805
	TOTAL REVENUES	\$ 94,960	\$ 96,611
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 15,436	\$ 17,566
610	Purchased Water		
615	Purchased Power	23,988	20,369
618	Chemicals	40	37
620	Repairs and Maintenance	1,170	3,292
621	Office Supplies and Expense	6,888	8,384
630	Outside Services	15,825	11,946
635	Water Testing	2,095	2,279
641	Rents	300	0
650	Transportation Expenses	0	62
657	Insurance - General Liability	2,791	3,775
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	525	146
403	Depreciation Expense	17,268	25,252
408	Taxes Other Than Income	1,462	2,169
408.11	Property Taxes	3,760	4,310
409	Income Tax	90	0
	TOTAL OPERATING EXPENSES	\$ 91,638	\$ 99,587
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	412	839
	TOTAL OTHER INCOME/EXP	\$ (412)	\$ (839)
	NET INCOME/(LOSS)	\$ 2,910	\$ (3,815)

COMPANY NAME LIVCO WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 8,113

Meter Deposits Refunded During the Test Year \$ 0

COMPANY NAME Livco Water Co.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
01018	60	325	833	12	4	1970
01051	5	60	74	6	2	1984

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	15	
1.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
250,000	1	40	2
24,000	1	250	4
		3,000	1

COMPANY NAME Livco Water Co.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	5,237
3	PVC	2,060
4	PVC	89,269
5		
6	PVC	76,259
8	PVC	1,184
10		
12		
8	AC	2,910

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	369
3/4	18
1	36
1 1/2	3
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

None

STRUCTURES:

4 pump pressure station, well house, and fencing around tanks

OTHER:

Generator, compressor

COMPANY NAME: Livco Water Co.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLON PUMPED (Thousands)
JANUARY	362	1,776	2,402
FEBRUARY	360	1,440	2,013
MARCH	359	1,406	2,070
APRIL	360	2,821	3,763
MAY	365	4,207	4,847
JUNE	363	5,913	6,945
JULY	362	6,595	7,252
AUGUST	363	3,562	4,527
SEPTEMBER	367	4,007	4,987
OCTOBER	364	2,864	3,911
NOVEMBER	358	2,059	2,897
DECEMBER	361	1,481	1,929
TOTAL		38,128	47,543

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

POE #1: 0.005

What is the level of arsenic for each well on your system. _POE #2: >0.003 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME LIVCO WATER COMPANY YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 3,332

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)
APACHE
NAME (OWNER OR OFFICIAL) TITLE
RICK KAUTZ, VICE PRESIDENT
COMPANY NAME
LIVCO WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

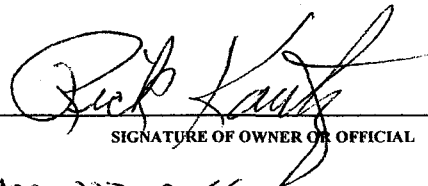
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

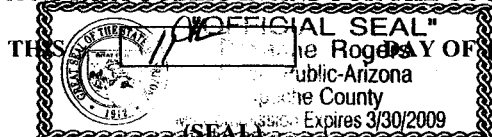
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL

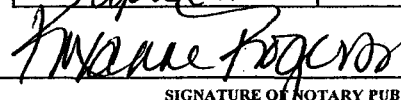
928 337-2266
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



COUNTY NAME	Apache	
MONTH	April 11	2006


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 3-30-2009.

COMPANY NAME LIVCO WATER COMPANY

YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(3,815)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(3,815)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/11/06
DATE

Rick Kautz
PRINTED NAME

Pres.
TITLE

AQUIFER PROTECTION PERMIT
LIVCO WATER CO.-SEWER DIVISION
PERMIT NO. P-102422

STATE OF ARIZONA
AQUIFER PROTECTION PERMIT

PART I. AUTHORIZATION TO DISCHARGE POLLUTANTS IN A MANNER SUCH THAT CURRENT AND REASONABLY FORESEEABLE FUTURE USES OF THE AQUIFER ARE PROTECTED

In compliance with the provisions of Arizona Revised Statutes (A.R.S.) Title 49, Chapter 2, Articles 1, 2 and 3; Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 1; Arizona Administrative Code (A.A.C.) Title 18, Chapter 11, Article 4; and conditions set forth in this permit:

Facility Name: Lake Investment Company
Livco Water Company - Sewer Division
Concho Valley Constructed Wetlands Wastewater Treatment System

Owner:

Lake Investment Company
P.O. Box 50
Concho, Arizona 85924

Operator:

Livco Water Company
P. O. Box 50
Concho, Arizona 85924

is authorized to operate the Concho Valley Constructed Wetlands Wastewater Treatment System in Concho, Arizona, in Apache County, over groundwater of the Little Colorado River Plateau Basin in the Township 13N, Range 26E, Section 31, SW 1/4- Gila and Salt River Baseline and Meridian:

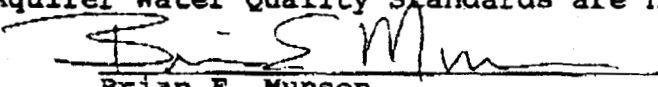
Latitude 34° 28' 50" North
Longitude 109° 37' 35" West

This permit shall become effective on the date of the Assistant Director's signature and shall be valid for the operational life of the facility provided that the facility is constructed, operated and maintained pursuant to all the conditions of this permit according to the design and operational information documented or referenced in PARTS I, II, III, IV, V, VI, AND VII of this Permit, and such that Aquifer Water Quality Standards are not violated.

permit writer - Ed Pond

RECEIVED

APR 29 1992
WATER POLLUTION
COMPLIANCE UNIT


Brian E. Munson
Assistant Director
Office of Water Quality
Arizona Department of Environmental Quality

Signed this 27 day of

April 19 92

TOTAL P.21

Extension
of FRANCHISE
WATER & SEWER
TO 2017

92 3495

STATE OF ARIZONA) Fee No.
COUNTY OF APACHE) ss.
I hereby certify that
the within instrument was filed and
recorded 6:22 19 92 at 8:30 am
in book No. 684 Page 288-289
at the request of County Board of Super-
visors
MAY 8 1992
By _____

OFFICE OF THE BOARD OF SUPERVISORS
OF APACHE COUNTY, ST. JOHNS, ARIZONA

February 18, 1992

The Board of Supervisors of Apache County, Arizona,
met in regular session at 8:30 o'clock a.m. the 18th day of
February, 1992, with Supervisors Arthur Lee and Henry Curley
present, this being the day and hour set for a hearing on the
Application of LIVCO WATER COMPANY and LIVCO SEWER COMPANY
(whose application to acquire the sewer system and certificate
and assets of LIVCO WATER COMPANY remains pending before the
Arizona Corporation Commission) (collectively "LIVCO") for a
sewer franchise to serve in Apache County that certain area more
particularly described as follows, to wit:

All of Concho Valley units 9, 9A and 10, as
more particularly described in Exhibit "A"
attached hereto and by this reference
incorporated herein.

The Board proceeded thereupon to a consideration of
the matter. After hearing and considering all aspects of the
matter, it appearing to the Board that it is in the public
interest that the application be granted, upon motion of
supervisor Shirley, seconded by supervisor Lee, and duly
carried, LIVCO was granted said franchise as follows:

RESOLUTION GRANTING FRANCHISE NO. 92-2A

WHEREAS, LIVCO WATER COMPANY, an Arizona public
service corporation, and LIVCO SEWER COMPANY, an Arizona public
service corporation whose application to acquire the sewer

OKT 684 PAGE 288

1 system certificate and assets of LIVCO WATER COMPANY remains
2 pending before the Arizona Corporation Commission, have duly and
3 regularly applied and petitioned pursuant to A.R.S. § 40-283 to
4 the Board of Supervisors of Apache County, Arizona for the
5 right, privilege, license and franchise for the purpose of
6 constructing, operating and maintaining along, over, under and
7 across said public roads, streets, alleys and highways over
8 which the Board of Supervisors has or hereafter may acquire
9 jurisdiction and authority, during the term of this franchise, a
10 sewer system or sewer systems, including sewer mains, pipes,
11 lines, manholes and related equipment and facilities necessary
12 or useful for sewer service to domestic, commercial and
13 industrial consumers in the area above described in Apache
14 County; and

15 WHEREAS, the said LIVCO WATER COMPANY and LIVCO SEWER
16 COMPANY in said application prayed for a franchise for the use
17 of certain public roads, streets, alleys and highways; and

18 WHEREAS, it appears that Notice of Hearing on said
19 application has been duly given as required by law; and

20 WHEREAS, said application came on regularly to be
21 heard on the 18th day of February, 1992, before the Board of
22 Supervisors of Apache County, and no petition to the Board to
23 deny such privilege and franchise was filed or presented
24 according to law, and the Board considered the application for
25 the franchise; and

26 WHEREAS, the said Board of Supervisors on the 10th day

1 of January, 1992, ordered that public notice be given in the
2 manner provided by A.R.S. § 40-283, of the filing of said
3 application and of the intention to grant said application, and
4 fixed February 18 1992 at 8:30 o'clock a.m., at the regular
5 meeting place of said Board in the City of St. Johns, Arizona,
6 as the time and place for the consideration of the matter; and

7 WHEREAS, said application coming on regularly for
8 hearing on this, the 18th day of February, 1992, and it
9 appearing from the affidavit of publication of the White
10 Mountain Independent that due and regular notice of said time
11 and place set for the consideration of such action has been
12 published once a week for three (3) consecutive weeks prior to
13 the date of said hearing, to wit: in the issues of the 21st day
14 of January, 1992 the 4th day of February, 1992; and the
15 11th day of February, 1992, of said newspaper (the White
16 Mountain Independent) and the matter being called at 8:30
17 o'clock a.m., and it appearing that none of the qualified
18 electors of said county has petitioned said Board of Supervisors
19 to deny said petition, and no protest having been filed or made
20 by any person whomsoever requesting the denial of said petition;

21 NOW, THEREFORE, it being determined by the Board of
22 Supervisors of Apache County that the grant of this franchise is
23 regular, proper, authorized by law, and in the best interest of
24 Apache County, and the inhabitants thereof; it is hereby
25 ordained:

- 26 1. That this Board of Supervisors of Apache County,

1 Arizona, acting for and on behalf of said county, does hereby
2 grant unto LIVCO WATER COMPANY, an Arizona public service
3 corporation, LIVCO SEWER COMPANY, an Arizona public service
4 corporation, and their successors and assigns, the right,
5 privilege, license and franchise for a period of twenty-five
6 (25) years to enter upon all present and future public roads,
7 streets, alleys and highways over which the Board of Supervisors
8 has or may acquire jurisdiction and authority during the term of
9 this franchise within the area above described in Apache County,
10 Arizona, and to construct, operate and maintain upon, along,
11 across, over and under said public roads, streets, alleys, and
12 highways a sewer system or sewer systems, including sewer mains,
13 lines, pipes, manholes and related equipment and facilities
14 necessary or useful for sewer service to domestic, commercial
15 and industrial consumers.

16 2. This Board of Supervisors hereby reserves the
17 right to impose such reasonable restrictions and limitations on
18 the use of said public roads, streets, alleys and highways by
19 LIVCO WATER COMPANY, an Arizona public service corporation,
20 LIVCO SEWER COMPANY, an Arizona public service corporation and
21 their successors and assigns, as this Board may deem necessary
22 for the public safety and welfare and which are not inconsistent
23 with the law and the orders and rules and regulations of the
24 Corporation Commission of this state.

25 3. All sewer mains, pipes, lines, manholes,
26 appurtenances and equipment of said LIVCO WATER COMPANY an

1 Arizona public service corporation and LIVCO SEWER COMPANY, an
2 Arizona public service corporation, constructed, erected, used
3 and maintained under this franchise shall in all respects be
4 adequate, sufficient and substantial in design and workmanship
5 and shall be so located, erected and maintained so as not to
6 interfere with the free and full use and enjoyment of the public
7 and so as not to endanger life or property.

8 4. LIVCO WATER COMPANY, an Arizona public service
9 corporation, and LIVCO SEWER COMPANY, an Arizona public service
10 corporation and their successors and assigns, shall bear all
11 expenses, including damage and compensation, for any alteration
12 of the direction, surface, grade or alignment of any of such
13 public roads, streets, alleys and highways of said county under
14 the provisions hereof as a direct result of the exercise of this
15 franchise by said LIVCO WATER COMPANY and LIVCO SEWER COMPANY.

16 5. LIVCO WATER COMPANY, an Arizona public service
17 corporation and LIVCO SEWER COMPANY, an Arizona public service
18 corporation and their successors and assigns shall indemnify and
19 save harmless the County of Apache and the Board of Supervisors
20 thereof from any and all suits, claims, damages and judgments
21 resulting from injuries to persons or property caused by the
22 placing, location or maintenance of sewer mains, lines, pipes,
23 manholes or related equipment (whether fixed or used in
24 connection with the installation, repair or maintenance of said
25 sewer mains or lines) upon the public roads, streets, alleys and
26 highways of said county under the provisions hereof.

1 6. In the event that any sewer mains, lines, pipes,
2 manholes or related facilities installed or constructed under
3 this grant shall at any time be found by the Board of
4 Supervisors of Apache County to interfere unduly with any
5 governmental, as opposed to proprietary, projects, LIVCO WATER
6 COMPANY an Arizona public service corporation and LIVCO SEWER
7 COMPANY, an Arizona public service corporation, hereby agree
8 that they will, at their own expense, and within a reasonable
9 time after notice thereof by the Board of Supervisors, relocate
10 said lines, mains or related facilities so as to minimize said
11 interference. In all other instances, costs incurred in
12 relocating or otherwise changing any structures, lines or
13 facilities of said LIVCO WATER COMPANY and LIVCO SEWER COMPANY
14 shall be borne by and added to the cost of the public or private
15 improvement causing or resulting in such relocation or change.

16 7. LIVCO WATER COMPANY and LIVCO SEWER COMPANY
17 shall, prior to working in any easement or right of way in
18 Apache County:

19 (1) obtain a permit from the office of the
20 County Engineer and comply with all conditions of the permit;
21 and

22 (2) notify all utility companies for blue
23 staking the location of their utilities.

24 8. This franchise shall extend to and be binding
25 upon the successors and assigns of LIVCO WATER COMPANY an
26 Arizona public service corporation and LIVCO SEWER COMPANY, an

1 Arizona public service corporation, and is granted pursuant to
2 and is expressly subject to the provisions of A.R.S. § 40-283.

3 9. This grant is not exclusive, and nothing herein
4 contained shall be construed to prevent the Board of Supervisors
5 of Apache County from granting other like or other similar
6 grants or privileges to any other person, firm or corporation.

7 10. All rights hereby granted are subject to other
8 rights, privileges, franchises, easements and rights of way
9 heretofore granted by the Board of Supervisors of Apache County
10 now recorded and enforced.

11 11. LIVCO WATER COMPANY, an Arizona public service
12 corporation, and LIVCO SEWER COMPANY, an Arizona public service
13 corporation, hereby agree that they will pay all required fees
14 pursuant to the Apache County franchise permit fee schedule
15 attached hereto as Exhibit "B," to defray the cost of inspection
16 of construction within Apache County. Such fees shall apply to
17 the costs of all new construction or any upgrading of
18 facilities.

19 In witness whereof, the Board of Supervisors of Apache
20 County, Arizona, has caused these presents to be executed and
21 signed by the Chairman of the Board of Supervisors and attested
22 to by the clerk and the seal of the Board affixed hereto this
23 18th day of February, 19 92.

24 BOARD OF SUPERVISORS of
25 Apache County

26 By [Signature]
Chairman

Attest: [Signature]

Clerk

CKT 634 PAGE 294

LEGAL DESCRIPTION OF CONCHO VALLEY
UNIT 10 SUBDIVISION

Beginning at the iron pin marking the Southeast corner of Section 8, Township 12 North, Range 26 East, G&SRM, Apache County, Arizona; thence South 89° 32' 08" West along the South side of said Section 8 a distance of 4110.17 feet to the TRUE POINT OF BEGINNING; thence continuing South 89° 32' 08" West along the South side of said Section 8 a distance of 1191.97 feet to the iron pin marking the Southwest corner of said Section 8; thence continuing South 89° 32' 08" West a distance of 240.05 feet; thence North 0° 43' 28" East a distance of 95.86 feet to the beginning of a curve, said curve being concave to the Southwest having a radius of 25.00 feet and a central angle of 90° 00' 00"; thence Northwesterly along the arc of said curve a distance of 39.27 feet to the end of the curve; thence North 89° 16' 32" West a distance of 555.00 feet; thence North 0° 43' 28" East a distance of 180.00 feet; thence North 89° 16' 32" West a distance of 210.00 feet; thence North 03° 03' 15" East a distance of 681.02 feet; thence North 30° 18' 08" East a distance of 490.91 feet to the South side of Concho Creek Drive as recorded in Book 4 TM, page 29 of Apache County records; thence South 89° 16' 32" East along the South side of said Concho Creek Drive a distance of 560.00 feet; thence North 0° 43' 28" East a distance of 40.00 feet; thence North 0° 07' 48" East a distance of 40.00 feet to the North side of said Concho Creek Drive; thence North 89° 32' 08" East a distance of 303.18 feet to the beginning of a curve, said curve being concave to the Northwest, having a radius of 260.00 feet and a central angle of 21° 50' 08"; thence Northeasterly along the arc of said curve a distance of 99.09 feet to the end of the curve; thence North 67° 42' 00" East a distance of 785.48 feet; thence South 22° 18' 00" East a distance of 80.00 feet; thence South 0° 27' 52" East a distance of 1603.66 feet; thence North 89° 32' 08" East a distance of 2.80 feet; thence South 0° 27' 52" East a distance of 119.99 feet to the TRUE POINT OF BEGINNING.

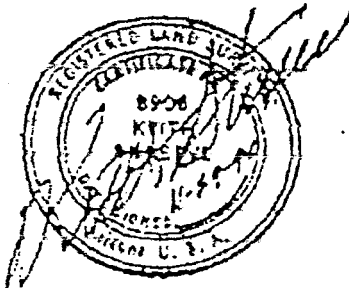
Said parcel containing 69.96 acres more or less.

GENERAL DESCRIPTION

LEGAL DESCRIPTION - Concho Valley Unit 9A

Commencing at the Southeast Corner of Section 19, Township 12 North, Range 26 East, G&SRM, Apache County, Arizona; thence North 00° 21' 37" East along the East side of said Section 19 a distance of 112.43 feet to the TRUE POINT OF BEGINNING, Said TRUE POINT OF BEGINNING being on the North side of an existing County Roadway; thence North 45° 00' 00" West and along the said North side of roadway a distance of 326.47 feet; thence North 88° 30' 00" West and continuing along the said North side of the existing County Roadway a distance of 1880.99 feet to a point on the east side of Concho Valley Unit Five as recorded in Book 4 of Townsite Maps, Pages 47 and 48, Apache County, Arizona records; thence North 1° 30' 00" East along the said side of Unit Five a distance of 323.37 feet; thence North 49° 00' 00" East and continuing along the side of said Unit Five a distance of 712.40 feet; thence North 14° 50' 00" East and continuing along the side of said Unit Five a distance of 262.00 feet; thence North 74° 00' 00" West and continuing along the side of said Unit Five a distance of 476.00 feet; thence North 63° 00' 00" West and continuing along the side of said Unit Five a distance of 360.00 feet; thence North 0° 14' 06" East a distance of 528.52 feet to a point on the South side of Concho Valley Unit Five B as recorded in Book 6 of Townsite Maps, Pages 46 and 47, Apache County, Arizona records; thence North 66° 28' 03" East and along the side of said Unit Five B a distance of 238.12 feet; thence North 43° 55' 08" East and continuing along the side of said Unit Five B a distance of 562.25 feet; thence North 58° 54' 10" East and continuing along the side of said Unit Five B a distance of 367.87 feet; thence South 54° 06' 26" East and continuing along the side of said Unit Five B a distance of 938.14 feet; thence South 45° 44' 04" East and continuing along the side of said Unit Five B a distance of 551.59 feet; thence South 89° 38' 23" East and continuing along the side of said Unit Five B a distance of 152.16 feet to a Point on the said East side of Section 19; thence South 0° 21' 37" West along said East side of Section 19 a distance of 1821.66 feet to the TRUE POINT OF BEGINNING.

Containing 97.0 Acres



ONT 684 PAGE 296

SHREEVE & ASSOCIATES, INC.

CIVIL ENGINEERING & LAND SURVEYING
140 W. 2ND SOUTH/P.O. BOX 486
ST. JOHNS, ARIZONA 85936
TELEPHONE 337-4484

KEITH SHREEVE, PRESIDENT
P.E., D.L.S. ARIZONA AND NEW MEXICO

November 21, 1988

Bill Sittler
H.C. 30 P.O. Box 901
Concho Valley, Arizona 85924

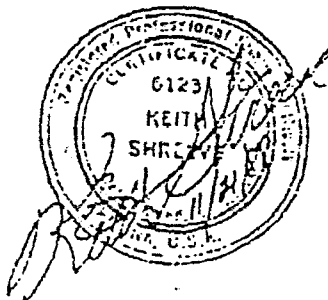
Dear Mr. Sittler:

Following is the legal description of Concho Valley Unit 9.

Commencing at the Northwest corner of Section 29, T21N, R26E, G&SRM, Apache County, Arizona, thence North 88° 47' 11" East along the North boundary of said Section 29, a distance of 5.00 feet to the TRUE POINT OF BEGINNING; thence North 88° 47' 11" East, along said Section Line, a distance of 1,973.16 feet to the Northwest corner of Concho Valley Unit Three as recorded in Docket No. 4TM, pages 43 and 44, Apache County records; thence South 02° 05' 50" East along the west property line of said subdivision a distance of 962.27 feet to a corner of the said subdivision; thence North 87° 54' 10" East, and continuing along said subdivision boundary line, a distance of 101.93 feet to a corner of the said subdivision; thence South 20° 24' 10" West, along said subdivision line a distance of 341.70 feet to a point; thence South 87° 54' 10" West, a distance of 1901.56 feet to a point in an existing fence line; thence North 0° 18' 23" West, along said fenceline a distance of 541.76 feet to a point; thence North 25° 22' 35" West along said fenceline, a distance of 47.25 feet to the beginning of a curve; thence Northwesterly along said curve, said curve being concave to the Northeast with a delta of 23° 09' 50" and a radius of 487.94 feet, a distance of 197.27 feet to a point of tangency; thence North 02° 12' 45" West, along a fenceline, a distance of 531.63 feet to the TRUE POINT OF BEGINNING and the END of this description.

Included in this parcel is Cinder Drive, a dedicated roadway as shown in Concho Valley Unit Three.

Said Parcel containing 53.75 acres, not including Cinder Drive.



CKT 684 PAGE 295

EXHIBIT "A"

1 APACHE COUNTY UTILITY FRANCHISE FEE SCHEDULE

2
3 The following fee schedule is promulgated pursuant to the
4 provisions of A.R.S. Section 11-251.08, and is intended to
5 apply to all public service corporations, telecommunications
6 corporations, and cable television systems intending to
construct lines, plans, services or systems within the right of
ways of any roads, or highways or easements, or any public
service entity receiving a franchise in Apache County pursuant
to A.R.S. Section 40-281 et. seq.

7 The following fees will be imposed and will be enforced
8 subsequent to the adoption of this fee schedule by the Apache
County Board of Supervisors.

9 ITEM DESCRIPTION	INSPECTION FEE
10 Filing Fee	\$15
11 First nine electric poles or guy wires	\$1.50 each
12 Each pole or guy wire thereafter	\$1.25 each
13 Underground cable	.08 per foot
14 All other installations will be computed at 4% of the estimated 15 cost.	

CERTIFICATE OF APPROVAL TO CONSTRUCT

Project Description EXTENSION OF EXISTING WATER LINES IN COCHO VALLEY UNIT ONE BY LIVCO
WATER CO. TO INCREASE THE AVAILABILITY OF WATER.

Location CONCHO VALLEY UNIT ONE APACHE COUNTY

Project Owner LIVCO WATER COMPANY, 401 UNITED BANK BLDG., PHOENIX, AZ 85012

Approval to construct the above-described facilities as represented in the approved plan documents on file with the Arizona Department of Health Services is hereby given subject to the following provisions:

NOTICE SHALL BE GIVEN TO THIS DEPARTMENT, NORTHERN REGIONAL OFFICE OF FLAGSTAFF, WHEN CONSTRUCTION OF THE PROJECT BEGINS TO ALLOW FOR INSPECTION DURING CONSTRUCTION PER A.R.S. 36-132.A-12.

PLEASE USE CONSTRUCTION NOTIFICATION LETTER ATTACHED FOR YOUR CONVENIENCE.

The State law, A.R.S. 36-132., A., 12., requires that the construction of the project must be in accordance with the rules and regulations of the Arizona Department of Health Services.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: 12/12/77 RCH/ar

R. Bruce Scott, P.E.
Assistant Director

cc: File

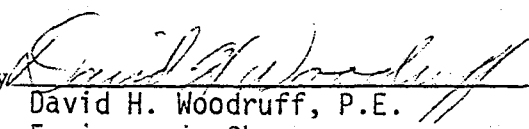
County Health Department
Livco Water Company
Shreeve & Associates,

P.O. Box 456, St. Johns, AZ 85936
Arizona Corp. Comm.

NRO

DHS/WQC-118 (REV. 10-74)

NACOG

By 
David H. Woodruff, P.E.
Engineer-in-Charge
Plan Review Activity
BUREAU OF WATER QUALITY CONTROL

ITEM 10

CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISIONS

SUBDIVISION Concho Valley Unit 33 LOTS 1 through 82
LOCATION Concho Apache
CITY OR TOWN (NEAREST) COUNTY
SECTION 33 TOWNSHIP 12N RANGE 26E
SUBDIVIDER Lake Investment Company
Water Supply by LIVCO Water Company (1) / Individual Responsibility (2)
Sewage Disposal by Individual Responsibility
Garbage Disposal by St. Johns Sanitary Landfill

The sanitary facilities of water supply, sewage disposal and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Health Services are hereby approved subject to the following provisions:

1. Water line extension for LIVCO Water Company water system is approved only for Lots 1-24, 26-34 and 53. *← THIS LINE SERVES UNIT 3*
2. Lot owners for lots 25, 35-52, 54-82 have individual responsibility for water supply by either drilling their own well or extending the water lines of the approved water system. The plans for extension of water line must be approved by Arizona Department of Health Services before water lines are constructed.
3. This Certificate of Approval of Sanitary Facilities for Subdivisions voids and supercedes the earlier Certificate issued December 24, 1984.

(Continued on Page 2)

This Certificate of Approval does not constitute an approval to construct the sanitary facilities to serve the subdivision. Construction must not begin until a Certificate to Construct has been issued by this Department.

ENVIRONMENTAL HEALTH SERVICES

Charles Anders, Director

By

Wesley A. Shoner
Wesley A. Shoner, P.E., EEL
Manager, Technical Review Unit
Office of Waste & Water Quality Mgt.

Date Approved 1-25-85

PB:bb
cc: File 840510
County Health Department
Water Company
Subdivider
State Real Estate Department
FHA
VA
— Engineer

Northern Regional Office
Planning & Zoning
Council of Governments

**CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER and/or WASTEWATER FACILITIES**

SYSTEM NAME: LIVCO Water Company SYSTEM NO. 01018
PROJECT OWNER: LIVCO Water Company
ADDRESS: 3550 N. Central #401, Phoenix, AZ 85012
PROJECT LOCATION: Concho COUNTY: Apache
DESCRIPTION: Water line extension to serve Concho Valley Unit 33, Lots 25, 35-52, and
and 54-82 and water line connection between Well A and Well B.

Approval to construct the above-described facilities as represented in the approved plan documents on file with the Arizona Department of Health Services is hereby given subject to the following provisions:

1. Notice shall be given to the Regional Office in your area (Phoenix, Flagstaff, or Tucson) when construction of the project begins to allow for inspection during construction per A.R.S. 36-132, A. 12.
2. All pressure, exfiltration, infiltration, or other required testing shall be performed by or under the supervision of a professional engineer registered in the State of Arizona. The test results and calculations must be submitted by the professional engineer to the appropriate D.W.W.Q.M. Regional Office before the construction is approved for operation.
3. The minimum cover over all water lines shall be at least 3' where vehicular traffic may cross the water lines.

The State law, A.R.S. 36-132, A. 12., requires that the construction of the project must be in accordance with the rules and regulations of the Arizona Department of Health Services.

If construction has not started within one year of the date of this issue, this certificate will be void and a written extension of time shall be required.

Date Approved: 2/20/85

PB:bb

Charles D. Anders, Director
Division of Environmental Health Services

By Wesley A. Shoner
Wesley A. Shoner, P.E., EEL
Technical Review Unit
Office of Waste & Water Quality Mgt

cc: File No: 840519
County Health Department
Northern Regional Office
Owner - LIVCO
—Engineer: Shreeve & Assoc.
Arizona Corporation Commission
ADHS/EMH/Water Quality Form 118 (Rev. 4-79)
Planning &



CONSTRUCTION AUTHORIZATION FOR A SEWAGE COLLECTION SYSTEM TYPE 4.01 GENERAL PERMIT

Applicant Information:		Project Name: Concho West Shore	
Name: Greg Banta		ADEQ File No. 20060367 20060367	
Address: 6260 Mt Shadow Manor Lane Phelan, CA 92371		County: Apache	
		LTF #: 39885	
Project Type(s)		Project Description:	
Gravity		Approx 3200' 8" PVC, 300' 2" PVC FM, 1 lift station, 11 manholes and 46 residential service connections	
Lift Station			
Force Main			
Other:			
Design Documents Approved for Construction		Treatment Facility	
WWTP Name: Livco Sewer		Permitted Design Flow: .02 mgd	
APP Number 102422		System Capacity	
Sewage Collection System		Affirmation Date: 3/7/06	
Capacity Affirmation Date: 3/7/06			
Document	Date	Location of Downstream End of System Proposed Herein:	
Notice of Intent to Discharge	4/28/06		
Site Plan	4/30/06		
Design Plan	4/28/06	Township 12N Range 26e Section 7 1/4 1/4	
Operation & Maintenance Plan	4/13/06	Latitude 34 " 26 ' 40 " N	
Other Document(s):		Longitude 109 ° 37 ' 53 " W	
		Description of Area Served by Project:	
		46 lot residential subdivision	
<p>Construction Authorization: This Construction Authorization is issued in accordance with Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 3, Part A, Section A301. The applicant is authorized to construct the facility at the location specified herein under terms and conditions of the requested general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and A.A.C. Title 18, Chapter 9. The applicant has two years from the approval date of this document to complete construction and submit the applicable verification documents specified in A.A.C. R18-9-E301(E). Construction shall conform with the approved design documents.</p>			
 Kurt Harris P.E.		Manager, Drinking Water & Wastewater Engineering Review Title	
		5-8-06 Date	

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REVISED NOVEMBER 2005

1110 WEST WASHINGTON, PHOENIX, AZ 85007

WWW.AZDEQ.GOV



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Certificate of Approval to Construct a Water Distribution System

Applicant Information:		Project Name Concho West Shore		ADEQ CF # 20060367	
Name Address City/State/Zip	Greg Banta 6260 Mt Shadow Manor Lane Phelan, CA 92371		Place ID	113803	LTF# 39886
			County	Apache	
Project Type(s)		Project Description			
<input type="checkbox"/> Pressure Main	<input type="checkbox"/> Storage Tank	Approx 4000' 6" PVC and 46 residential service connections. There are no fire hydrants.			
<input type="checkbox"/> Hydro Tank	<input type="checkbox"/> Other				
Facility Name Address City/State/Zip		Livco Water			
PWS ID # 01018		Site Information			
Design Documents Approved		Date	Nearest Town Concho		
Application		3/13/06	Location of Distribution System		
Site Plan		4/21/06	Township 12N	Range 26E	
Design Plan		4/28/06	Section 7	Quarter Section	
Operations & Maintenance Plan			Latitude 34° 26' 40"	North	
Response Letter			Longitude 109° 37' 53"	West	
Other					

Approval to Construct (ATC) the above-described facilities as represented in the approved plans documents on file with the Arizona Department of Environmental Quality, is hereby given subject to the following provisions.

CERTIFICATE DISTRIBUTION

Original Certificate:

Applicant

The General Provisions and Special Provisions for the Water Distribution System appear on Pages 2 of 2

K111/ah2

Certificate Copy Only:

ADEQ/NRO Reading File
ADEQ/NRO Construction File
County P&Z
Isaacson Engineering

Stephen A. Owens, Director
Arizona Department of Environmental Quality

By

Kurt J. Harris, P.E., Manager
Water Quality Design Review Unit
Northern Regional Office

5-8-06
Date Approved

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ADEQ/NRO, 1515 E. Cedar Ave., Suite F, Flagstaff, AZ 86004

(928) 779-0313

(1877) 602-3675 x2719

Revision (10/8/2002)

Page 1 of 2



ARIZONA DEPARTMENT OF ENVIRONMENTAL
QUALITY

CERTIFICATE OF APPROVAL
OF SANITARY FACILITIES FOR SUBDIVISIONS

SUBDIVIDER NAME Address City/State/Zip	Greg Banta 6260 Mt Shallow Manor Lane Phelan, CA 92371	LOTS	ADEQ CF#	20060367 2006 367
		1 - 46	Place ID	113803
		46 total	USAS#	507655-00
			LTF#	39884
NEAREST TOWN	Concho		COUNTY	Apache
SUBDIVISION NAME	Concho West Shore			
LOCATION	Concho			
WATER SUPPLY	Livco Water			
SEWAGE DISPOSAL	Livco Sewer			
REFUSE HAULER	Bluc Hills Environmental			
REFUSE DISPOSAL SITE	Apache County Regional Landfill			

The sanitary facilities of water supply, sewage disposal, and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Environmental Quality (ADEQ) are hereby approved subject to the following provisions:

The facilities are not subject to special provisions

This Certificate of Approval of Sanitary Facilities does NOT constitute an Individual or General Aquifer Protection Permit for the sewage collection system incorporated in this subdivision (see separate Provisional Verification of General Permit Conformance). This Certificate of Approval of Sanitary Facilities does NOT constitute an Approval to Construct Permit (ATC) for the water distribution system incorporated in this subdivision (see separate ATC).

KH1:1112

CERTIFICATE DISTRIBUTION

Original Certificate and Plan:

ADEQ/NRO Construction File

Certificate Copy and Plan:

Applicant

Certificate Copy Only:

ADEQ/NRO Reading File

ADRE

Governing COG

County Environmental Services

County Development Services

Stephens A. Owens, Director

Arizona Department of Environmental Quality

By:

Kim J. Harris, P.E., Manager
Water Quality Design Review Unit
Northern Regional Office

Date Approved

5-8-06

M:\ATTORRY\2006\APACHE\SUBDIV 4.01 050406 APACHE CONCHO WEST SHORE 20060367.DOC

ADEQ NRO 1515 E. Cedar Ave. Suite F Flagstaff, AZ 86004 (928) 779-0313 1(877) 602-3675 x2704